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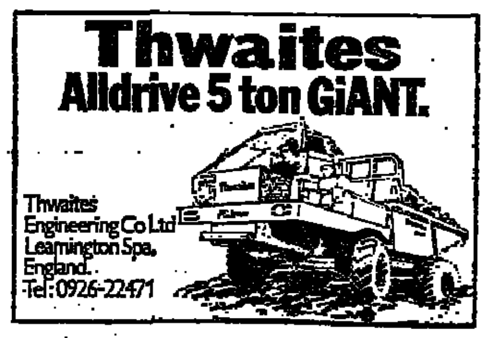


NEWS SUMMARY

GENERAL

Soviet leaders retain posts

All of the Soviet Union's leaders were re-appointed to their posts at the end of the eight-day Communist Party Congress.

It was believed to be the first time since the beginning of the Soviet state that a Congress had re-appointed the party's entire senior leadership.

The appointments confirm the strong political hold of Soviet President Leonid Brezhnev, and reflect the consolidation of long-standing policies when serious economic and political challenges would appear to necessitate basic reforms. Back Page

Gulf peace hopes grow

Proposals to end the six-month old Gulf war may emerge in the next few days. Iran and Iraq's negotiators appear to be working towards a ceasefire acceptable to both sides.

Wedding-date set

Prince Charles and Lady Diana Spencer will marry on Wednesday, July 29 at St. Paul's Cathedral, Buckingham Palace said.

Haig for Mideast

U.S. Secretary of State Alexander Haig will go to the Middle East next month for talks on "how to proceed towards a comprehensive peace settlement," the State Department said.

Gaddafy threat

Libyan leader Colonel Muammar Gaddafy threatened to stop supplying oil to countries criticising Libya and its role in Chad.

Belize talks

Foreign Secretary Lord Carrington will open talks in London tomorrow on independence for Belize.

Strike still on

The Government failed in talks with union leaders to avert industrial action by civil servants, due to begin on Monday. Back Page

Duke's plea

Duke of Edinburgh called for wide-ranging changes in attitudes towards work and vocational training, and said no single group was to blame for the recession. Page 8

Casino raided

Police raided the Knightsbridge Sporting Club casino, owned by Scotia Investments which was strongly criticised in a recent Department of Trade report.

DM3m robbery

Two gunmen robbed a Heidelberg bank of DM 3m (£640,000) after forcing employees from their homes to tur noff alarms and open safes, and taking 28 hostages.

Whaling deadlock

International Whaling Commission working group meeting in Tokyo failed to agree on a revision of procedures for catch quotas and protection status.

Briefly . . .

Passengers arriving at Monrovia airport, Liberia, with illegal drugs "will be immediately given 25 lashes," says the Government newspaper.

Beer consumption in China has more than quintupled since Mao Tsetung's death five years ago.

Gunman shot dead a white farmer near Bulawayo, Zimbabwe, after being bitten by his victim's dog.

Transpacific balloon flight from Nagashima, Japan, was called off after an accident while the airbag was being filled.

BUSINESS

Sterling up 2.55; gilts off 0.33

● STERLING rose 2.55 cents to $2.2060, and rose sharply against Continental currencies. Its trade-weighted index was up to 99.5 (98.7). Page 31; Back Page.

● DOLLAR was unchanged at DM 2.1525. Its trade-weighted index fell to 101.3 (101.4). Page 31

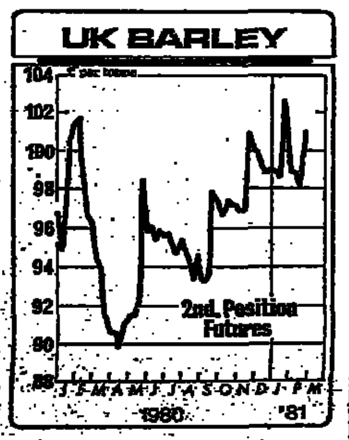
● GOLD rose $6 to $472.5. Page 31

● EQUITIES were dull. The FT 30-share index finished 5.2 down at 496.2. Page 34

● GILTS were unsettled by the Government's poor prospects of achieving its public expenditure cuts target. The Government Securities index finished 0.33 off at 68.64. Page 34

● WALL STREET was down 7.34 to 970.65 near the close. Page 32.

● BARLEY led grain price rises on the London futures market. May barley was £1 higher at £101.05 a tonne. Page 33



● UK RESERVES of gold, foreign currencies and Special Drawing Rights rose $40m in February to a record $28.43bn, with an underlying fall of $4m, compared with an underlying rise of $308m in January. Back Page

● BRITAIN'S EEC BUDGET contribution for 1981 will be about £500m, the Treasury said. Before last May's budget dispute settlement, it had been expected to be close to £1.3bn.

● ENERGY PRICING investigation agreed by EEC member States should, with the forthcoming NEDC report on the UK, provide evidence on the comparative level of electricity costs to British industry. Back Page

● HONG KONG is to introduce legislation requiring disclosure of holdings of 10 per cent or more in a company's shares. Back Page

● DE GROOT, the Dutch group, is pulling out of partnership with the British Steel Corporation subsidiary Redpath Dorman Long at the oil platform construction yard at Methil, Fife. Back Page

● DE LOREAN, the Belfast sports car company, has had its proposal that the Government forgo debt repayment and royalties on £70m aid for four years turned down. Page 9

● OLYMPIA and YORK Investments, announced a full-scale bid for Abitibi-Price, the world's largest newsprint manufacturer. Page 28

● BROCKS Group of Companies, the Dorset-based electronics concern, called in the receivers. Page 22

● GRINDLAYS Bank reported 1980 net profits of £15.39m (£17.76m). Page 22; Lex, Back Page

● WOODHOUSE & RIXSON, forgemaster, reported pre-tax profits for 1980 up £200,000 at £584,000 on turnover of £17m (£14m), but cut the dividend from 1.73855p to 1.4p. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Flight Refuelling	306	+ 20
Gordon and Gotch	148	+ 15
Petbow	44	+ 4
Tomatin	94	+ 3
Watson (R. K.)	103	+ 6
Ultramar	493	+ 8
Mount Lyell	95	+ 5

FALLS		
Excheq. 13½pc '92	£95⅝	− ⅝
Avana	225	− 9
Barratt Develops.	194	− 7
Blue Circle	376	− 12
Boosey and Hawkes	139	− 12
British Sugar	271	− 11
Broken Hill Prop.	655	− 20
Davy Crpn.	148	− 14
Fisons	138	− 4
Gaskell Broadloom	59	− 6
Philips' Lamps	347	− 20
Plessey	312	− 6
Racal Elec.	360	− 7
Reed (Austin) A	88	− 6
Textured Jersey	80	− 6
Thorn EMI	308	− 6
Tilling (T.)	157	− 6
Tube Invs.	190	− 4
Unilever	475	− 8
Whitbread A	151	− 5
IC Gas	228	− 20
Shell Transport	420	− 6
Anglo-Amer. Coal	£11¼	− ¼
Cent. Pacific Mins.	220	− 33
Cons. Gold Fields	425	− 7
Sthrn. Pacific Pets.	85	− 10

EEC steel meeting stalls over state aid question

BY GILES MERRITT IN BRUSSELS

CRUCIAL EEC Ministerial talks on the future of the Community's steel industries stalled last night over the vexed issue of cutting state aids to steel makers.

The Italian Government's determined opposition to tough new curbs on steel subsidies—proposed by the European Commission and urged by France, the UK and West Germany—led to negotiations over immediate measures needed to defuse the steel-making crisis being abandoned. March 26 has now been set for fresh talks.

The argument over subsidising steel production in the Community has arisen as a result of what the Commission considers to be "beggar-my-neighbour" competition between member governments.

But all EEC governments now agree that capacity will far outstrip demand for the foreseeable future. The EEC steel industry's use of capacity has gone from 70 per cent last year to 55 per cent.

The commission has tried to reduce excessive capacity to match demand in a regulated way to minimise redundancies.

Italian officials said that, while the Rome Government accepts the idea of a July 1, 1983, deadline on steel aids, it opposes parallel measures that would impose across-the-board capacity cuts on all member states' steel industries.

The result of Italy's refusal to consider the aids proposals as originally drafted was that the scheduled special meeting on steel of the Council of Ministers was not held. The talks had been due to discuss not only the longer term questions of aid and restructuring but also emergency measures concerning the future of the "manifest crisis" production curbs regime that is due to expire on June 30.

Viscount Etienne Davignon, EEC Industry Commissioner, yesterday proposed that rather than renew the nine-month mandatory output quotas for a further period, a final call should be made for European steel producers to agree by April 1 on a voluntary scheme limiting deliveries.

Yesterday's steel negotiations however were stalled by Italy's tactics even before they could begin in earnest. The Italian delegation staged a walkout from a preparatory meeting of officials and throughout the day prevented any formal meeting of the EEC Council of Ministers from taking place.

Discussions between M. Davignon and various industry ministers were instead held on an ad hoc basis outside the Council chamber. They were billed first as a working lunch and later merely as "tea."

Public funds "used to compensate BSC," Page 7

TENTATIVE SCHEME FOR 'OIL BANK'

THE EUROPEAN Community yesterday took a tentative step towards the creation of an "oil bank" to help keep member states out of the oil spot market when they are suffering temporary supply difficulties, writes John Wyles in Brussels.

EEC Energy Ministers agreed to work with the European Commission on studying the various options for, in effect, transferring oil from the stocks of one or more member states to another. An eventual agreement seems possible at the beginning of May. The Commission would then table a specific proposal for the next Energy Council in June.

The aim would be to develop a scheme which could also be endorsed by the International Energy Agency which includes the U.S. and Japan. At the end of last year both the agency and the community agreed on the need to avoid putting any pressure on spot market prices. As a result, it was thought that some reshuffling of stocks between member countries might be necessary to help those in difficulties because of the halt in supplies from Iran and Iraq.

Dr. Owen and Liberals in talks on closer links

BY RICHARD EVANS, LOBBY EDITOR

THE NEXT stage in the difficult between the Liberals and the breakaway Social Democrats was launched yesterday in talks between Mr. David Steel and Dr. David Owen.

The Liberal Leader is anxious to push the Social Democrats into agreement by July on a range of policies, which he could then present to his Assembly in the autumn.

There are already signs, however, that the Social Democrats wish to proceed along different lines. They want to maintain complete independence from the Liberals and to rely simply on an electoral pact. Mr. Steel adovates a much closer relationship as the best means of breaking the two-party stranglehold.

In the longer term, what probably matters more than anything is the construction of a meaningful electoral pact so that the two parties do not fight each other.

There are already grave difficulties in prospect, as the Social Democrats plan to contest at least 300 seats. This would inevitably bring them into conflict with many local Liberal parties which already have an organisation and have contested many general and local elections.

Dr. David Owen, Parliamentary leader of the Social Democrats (they are continuing their collective leadership for the foreseeable future) made his "maiden" Commons speech in his new role last night with a strong attack on the unilateralist views of Mr. Michael Foot, the Opposition Leader.

In a debate on the independent strategic deterrent, Dr. Owen, supported by half the 12 Social Democratic MPs, advocated a strategy of multilateral disarmament, but opposed the Government's decision in favour of the Trident missile system. He thought it premature and favoured an extension of Polaris as a deterrent.

While Labour MPs continued to play down the significance of the Social Democrats there were further signs yesterday that the Conservatives were becoming

Continued on Back Page

Owen attacks Labour and Tories over Trident, Page 10.

BL to cut 800 jobs at Cowley

BY KENNETH GOODING AND ARTHUR SMITH

BL CARS has called for 800 voluntary redundancies at Cowley, Oxford, where output of the Morris Ital is to be cut by almost one-third.

This underlines BL's continuing weakness in the fleet market in spite of success in the small car sector with the Metro which is to be launched in Europe at the Geneva Motor Show tomorrow.

BL will spend more than £10m this year to promote the Metro in Continental markets where it expects Metro sales to reach around £300m a year. Within 18-months, BL hopes annual sales will rise to about 100,000 Metros, more than doubling its Continental registrations.

The group pins most of its hopes on the Italian and French markets, but the Metro will also go on sale during the next few months in Germany, Belgium, Holland, Austria and Switzerland.

BL was confident last night that 800 volunteers for redundancy at Cowley would come forward by the end of this month. Output of the Ital is being cut from 1,500 a week to 1,060, but production of the Maxi will be increased from 400 to 600 a week.

The company blamed the need to cut Ital output on the poor UK market and the price disadvantage in export markets caused by the strength of sterling. The Ital, a face-lifted Marina, was launched in July and has maintained a 3 to 4 per cent share of the UK market. BL will remain vulnerable in the fleet sector until the launch, scheduled for early 1983, of a new middle-range model, the LM 10.

However, BL will have a new model in the 1300 cc to 1400 cc range with the launch in October of the Triumph Acclaim, the car to be assembled at Cowley in collaboration with Honda of Japan.

Acclaim production will start in April when around 800 workers now on short time will be switched to the model on full time.

UK car sales, according to unofficial figures within the industry, totalled 118,000 in the first 26 days of February compared with 146,000 for the full month last year.

The Metro is believed to have accounted for nearly half BL's 21 per cent market share during the first 26 days of last month. Ford's share was running at just over 30 per cent, while imports took 53 per cent.

An indication of BL's problem in matching the relatively low Continental prices while coping with the high value of sterling is provided by the Swiss market, where the company's sales dropped from 6,000 to 4,000 cars last year.

In Switzerland the price of the basic Metro has been fixed at SwFr 9,990 (£2,306) compared with £3,100 in the UK.

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For latest Share Index 'phone 01-246 8026

Unilever cuts UK dividend to 13.97p

BY JOHN MOORE

UNILEVER, THE Anglo-Dutch multinational group, has cut its UK final dividend, because of the strength of sterling, in its first dividend reduction for 40 years.

The final dividend pay-out for the UK company, for the 1980 financial year, is 13.97p a share against last year's 15.11p.

Pre-tax profits for 1980 are down from £605.6m to £567.7m—a fall of 6 per cent—on turnover of £10.15bn. On the London stock exchange Unilever shares fell 8p to 475p yesterday.

Unilever operates through two parent companies—Unilever Limited, London, and Unilever N.V., Rotterdam. The two companies, which are equal partners, are linked by agreements, one of which equalises according to a formula the dividends payable on the ordinary capital of the UK and Dutch companies.

Up to now, the dividend denominated in the weaker of the two currencies has been raised to the level of the stronger. When sterling was weak the British dividend was raised proportionately more than its guilder equivalent.

At the interim stage, Unilever maintained the sterling dividend, although that meant a big rise in the guilder pay-out. At the final stage, the company decided that the Dutch increase would have been too large—20 per cent—given relatively low Dutch inflation rates and Government controls on wages and incomes if no cut in UK dividend were made.

For the full year, the UK company's dividend is reduced from 24.05p to 22.91p. While there has been a reduction in dividend in the UK pay-out to shareholders, the Dutch company has raised its guilder dividend for the year from Fl 9.88 to Fl 11.12.

Unilever has launched a study, which it said was "well advanced" into how the undesirable effects of erratic exchange rate fluctuations might be corrected in the context of its equalisation agreement.

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£ in New York

—	Mar. 2	Previous
Spot	$2.1750-1770	$2.2000-2020
1 month	0.40-0.47 pm.	0.50-0.57 pm.
3 months	2.30-2.40 pm.	2.10-2.20 pm.
12 months	8.40-8.60 pm.	8.00-8.20 pm.

Reagan runs into political storm on El Salvador

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE REAGAN Administration is now running into serious political opposition to its increased involvement in El Salvador. Events so far, critics contend, are uncannily reminiscent of the first U.S. steps in Vietnam.

Yesterday Mr. Alexander Haig, Secretary of State, privately briefed Congress members—in what were described as fervent tones—on why the U.S. was despatching 20 more military advisers and doubling, to $50m (£22.7m), its military aid to the central American country.

The State Department confirmed that the additional supplies included some troop-carrying helicopters and fire-arms. It said the advisers would not accompany Salvador's troops on missions against insurgents.

Congressman Stephen Solarz, New York Democrat, emerged from the session with Mr. Haig to say that, although Congress would support additional economic aid to El Salvador "the consensus collapses" on the question of military aid and "it certainly collapses when it comes to the question of whether we should have military advisers in the country."

On Monday evening, after the extra military assistance was announced, 44 Democratic congressmen sent a protest telegram to President Ronald Reagan, warning that he was broaching another Vietnam. Other congressmen have said that the American advisers would inevitably become targets of insurgents.

Yesterday, the Administration received a request for an estimated $225m in extra economic aid from the El Salvador junta, headed by President Jose Napoleon Duarte. This is understood to include an $80m loan from the International Monetary Fund.

If the U.S. presses the IMF for this loan—and no formal approach has yet been made—problems could ensue. An $80m loan, though well within El Salvador's entitlement under new, more generous lending rules, would entail the IMF's imposing economic conditions. IMF officials freely conceded yesterday that the political situation in El Salvador was such that no meaningful economic presciption could possibly be drawn.

U.S. critics were also quick to point out that insistence on such a loan would amount to further politicisation of the supposedly non-political IMF. There was much controversy two years ago when the U.S., seeking to put pressure on the Somoza regime in Nicaragua, successfully denied it an IMF loan, using partly the same argument—that the political situation there made it pointless to lend money.

President Duarte's request is also reported to include the

Continued on Back Page

Bid for Davy referred to Monopolies Commission

BY HAZEL DUFFY

THE contested £140m bid by Enserch, the U.S. energy corporation, for Davy Corporation, the UK engineering contractors, has been referred to the Monopolies and Mergers Commission, Mr. John Biffen, Trade Secretary, said yesterday.

From its Dallas head office, Enserch said last night the referral automatically caused the bid to lapse. The registration statement for the shares which were to have been exchanged would be withdrawn from the Securities and Exchange Commission.

Mr. Benjamin Brown, Enserch's vice-president, finance, said he was "disappointed, but not shocked" at the news. He expected the Enserch board to decide next week whether to proceed with the bid.

It was announced in mid-December and has aroused an interest in Davy by other UK companies, although none has come forward with a rival bid.

Mr. Biffen made his decision two weeks after receiving an Office of Fair Trading recommendation that the bid should be referred.

It is going to the Monopolies Commission on the formal grounds that Davy's assets exceed £15m, although it is clear that a longer investigation was felt to be justified in the "national interest."

Davy is the UK's largest

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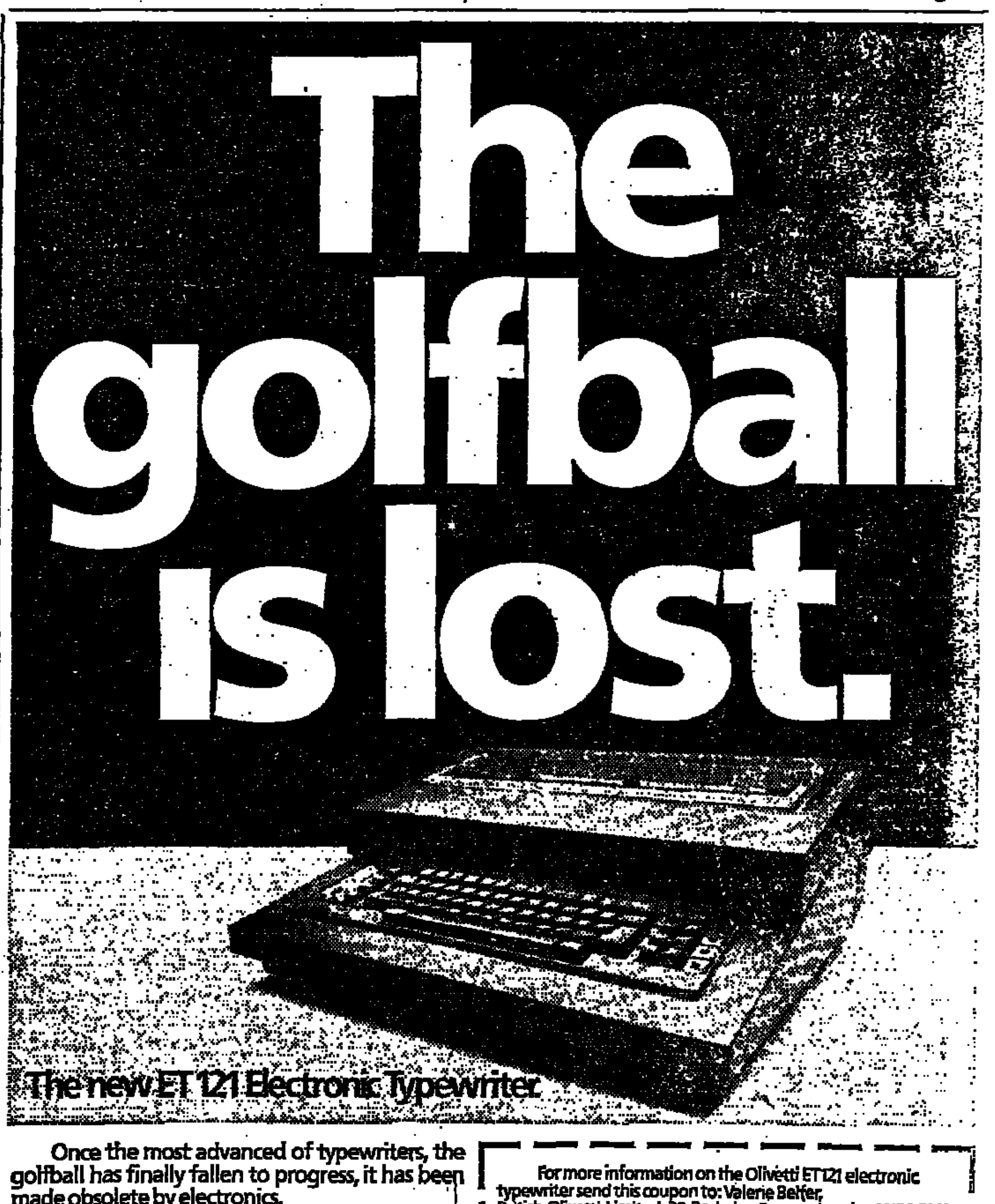

Chancellor Helmut Schmidt is the target of a float during a traditional Rose Monday parade in mainz, West Germany. Knives carry labels such as "unemployment," "coalition," "petrol tax," "oil," "weapons."

West German wage strikes loom

BY ROGER BOYES IN BONN

THOUSANDS of West German workers are expected to stage protest strikes, go-slows and other forms of industrial action over the coming fortnight as the country's annual wage negotiations enter a critical phase.

Officials from IG Metall, the metal workers' union, said yesterday that some 500 workers at the Bosch electrical concern stopped work for several hours yesterday and that "many *thousands*" of workers in other plants will follow suit until a wage settlement is reached with employers.

The metal workers' wage agreement ran out on January 31 but the unions are legally obliged to maintain industrial peace for four weeks following that date to avoid putting undue pressure on employers.

That period has now run out and IG Metall, which traditionally sets the pace for the rest of industry, and other unions are reckoning with nation-wide protests.

Some of the wind, however, has been taken from their sails by a surprisingly low settlement of 4 per cent last Friday between IG Bau, the 1m-strong construction union, and employers in the building industry.

IG Metall, with a membership of some 4m, is demanding an 8 per cent rise in wages but employers have, despite hard negotiations, only raised their initial offer of 2.5 per cent to 3 per cent.

The employers say their offer is geared to the likely productivity rise this year, while the unions insist that their minimum requirement is full compensation for the likely rise in inflation.

The union view may well have to be amended in the light of the effect of the weakening of the Deutsche-mark on inflation. Instead of 4-5 per cent being their bottom line (the *earlier estimate of the inflation* rate), a 5-6 per cent rise in inflation may be more realistic.

The employers, though, are unlikely to give way to this extent and the construction sector settlement may point the way for other unions.

Giscard candidacy boosts poll campaign

By Robert Mauthner in Paris

PRESIDENT GISCARD D'ESTAING'S announcement that he is running for a second seven-year term is expected to inject new life into a French Presidential election campaign which has been running out of steam.

Until now, the other candidates have had a field day. Their attacks on the President's economic and foreign policies, and their criticisms of his alleged personal failings, went unanswered.

As long as M. Giscard d'Estaing was not an official candidate, he did not want his Presidential position sullied by attacking his critics.

The wisdom of these tactics was questioned by many supporters. While it is difficult for a President both to conserve the dignity and authority of his office and to participate in political in-fighting, there can be little doubt that M. d'Estaing's silence has cost him dearly.

M. Francois Mitterrand, the Socialist leader, and his main rival, lagged far behind President Giscard only weeks ago but has since drawn level or even ahead in several opinion polls.

The Presidential candidate's general staff is headed by three Cabinet Ministers: M. Jean-Francois Deniau, *who has been* preparing the main themes for the campaign, Mme Monique Pelletier, Minister for Feminine Affairs, who will co-ordinate the supporters' committees, and M. Jean-Philippe Lecat, Culture Minister, who will be M. Giscard's spokesman.

Socialists press for Spain coalition

BY ROBERT GRAHAM IN MADRID

THE MAIN parliamentary opposition in Spain, the Socialist Party, is pressing for a broad-based coalition Government to cope with the grave problems posed by last week's abortive military coup. The proposal is supported by the Communist Party, but also has some backing within the ruling Union de Centro Democratico (UCD).

Sr. Felipe Gonzalez, the Socialist Party leader, first put the proposal before Parliament last Wednesday, when it was rejected by Sr. Leopoldo Calvo Sotelo, the Prime Minister. The Socialists have now repeated it in the form of a document endorsed by the party's national executive.

The attempted coup has placed the Socialists in a very difficult position. In the present circumstances, the party recognises that it cannot function as a proper opposition, since this could weaken the Government. However, rather than appear a tame partner outside Government, the party feels it better to join forces—a move which would also provide valuable political experience.

Sr. Calvo Sotelo says such a coalition would seriously impair Government efficiency. Te would prefer to operate by seeking a consensus on specific issues. There is also an underlying fear that a coalition would leave little room for political manoeuvre if it failed. Some UCD politicians further maintain that the armed forces might regard a coalition as a provocation.

Wariness of the military continues to be a keynote of the politicians' actions. Every effort appears to have been made not to humiliate arrested officers. Indeed, the opposite has been true.

Yesterday, it was reported that General Jaime Milans del Bosch, former commander of the Third Military Region, was living under a very relaxed form of arrest at a barracks just outside Madrid. He has been allowed to receive visitors freely and there were reports of a cult growing up round him.

All four of the generals arrested in connection with the plot have now been brought to Madrid. The last to come was General Torres Rojas, former Military Governor of La Coruna, who was transferred to the capital over the weekend. One of the civilians involved in the attempted coup — Sr. Juan Garcia Carres, the former leader of the Franquist trade union movement—has been moved to Madrid's Carabanchel jail.

Where the finger is pointing

THE Commission is criticising six countries expected to use more than 40 per cent of oil in their energy consumption in the 1990s:

BELGIUM: Absolute demand for crude is expected to rise up to 1990. The shift to solid fuel is likely to be inadequate while industries are set to more than double oil used. Domestic oil consumption will be 44 per cent of total demand in 1990, compared with Community average of 31 per cent.

DENMARK: Has ambitious plans for cutting back on oil, whose share of consumption is the highest in the Community—77 per cent. The outlook is suspect because it has no plans for nuclear energy, and industry's oil consumption is high.

GREECE: Plans to reduce oil dependence from 75 per cent to 54 per cent. Domestic coal production planned to treble by 1990, but oil use will grow by 40 per cent. Greek homes and industries use more oil than elsewhere in the Community. There is no natural gas, and limited use of nuclear power.

IRELAND: Cutting back on oil's share to below 65 per cent by 1990, but oil imports are due to increase by over 50 per cent. Energy consumption is growing more quickly than effects of conservation. Oil's share in industry (now 71 per cent) will still be high, at 67 per cent. Ireland has no nuclear energy.

ITALY: Projecting 54 to 59 per cent for oil, based on ambitious plans for conservation, increase in coal use, development of natural gas, and nuclear energy.

NETHERLANDS: The only Community country planning to raise oil imports in absolute terms and oil's share of consumption above 40 per cent. Plans for coal are inadequate, use of natural gas will "stagnate," industry's use of oil will rise from 45 to 52 per cent. Even more oil will be used for electricity, and nuclear energy plans are at a standstill.

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Lethargy on energy draws modest fire from Brussels

BY JOHN WYLES IN BRUSSELS

YESTERDAY'S MEETING of European Community Energy Ministers amply displayed how their policies are slowly sinking under waves of complacency and miscalculation.

There are now strong doubts as to whether the Community as a whole will effectively reduce the volume of its oil *imports over the next decade by* diversifying its energy sources and developing comprehensive energy-saving programmes.

Significantly, Viscount Etienne Davignon, the new Energy Commissioner, has started to point the finger at the most laggardly member states, while suggesting a range of modest initiatives which might be taken at Community level to boost investment in energy saving and programmes for switching from oil to coal.

The problem can be summed up as follows: last year the Ministers (nine then, 10 now) embraced a series of policy "objectives" for 1990 aimed at a more efficient use of energy derived less from oil and more from solid and nuclear fuels, together with stronger policies for conservation.

The objectives were based on the policies and projections of individual member states and, because the Community has virtually no authority over the energy domain, are achievable only if member states have the political and financial resources to carry them out.

Unfortunately, some projections were very optimistic. They needed much closer scrutiny. The Commission's heavily sceptical report to yesterday's meeting was one confirmation of this. At the other extreme also were last weekend's riotous scenes at Brokdorf, near Hamburg, which again highlighted the unlikelihood of West Germany achieving its aim of trebling nuclear energy capacity by 1990.

Less than a year after the objectives were adopted, the Commission now believes that oil will provide at least 43 per cent of total energy used in 1990, instead of the Minister's target of 40 per cent.

However, the shortfall could be more severe if the Ten fail to raise the proportion of electricity derived from solid fuels and nuclear energy from 60 per cent to between 70 and 75 per per cent, as they said they would last year.

But public opposition, dramatically displayed at Brokdorf, is inhibiting all Governments except the French and British from adding to their existing nuclear capacity or that under construction and is making some governments (Denmark and Ireland) reluctant to embrace any nuclear programme at all.

But the Commission document's main message, although never spelled out, is that the *pattern of achievement during the next decade is going* to be very uneven. It suggests that among those who fail most

> Less than a year after the energy objectives were adopted, the Commission estimates that oil will provide at least 43 per cent of total energy used in 1990, instead of the 40 per cent target.

seriously to diversify their energy supplies and to reduce their dependence on imported oil, will be the member states which are already the poorest in the Community, Ireland and Italy. There are also massive doubts about Greece, which has outlined a plan for nuclear power production which the Commission found "remarkable."

The implications of this are fairly dire for the Community's aim of narrowing the wealth gap between member states, since it points to unrelenting balance-of-payments pressures and oil-fired inflation for the poorer parts of the Community.

One reason why the weaker member states will fall short is that their economic growth assumptions may be way out. Last year, the Nine projected 3 to 3.5 per cent growth for the decade as a whole, but Ireland was looking for around 5 per cent, Greece is now aiming for 4.5 per cent, and only Italy was content with the European Community average.

Brussel already thinks 2.5 per cent annual growth more likely. This should, of course, depress energy consumption and the rate at which oil imports are sucked in. The Commission fears this could bring with it a false sense of security (which may already be the case), and that energy investment (particularly in conservation) will be sacrificed in countries with the lowest growth rates.

No one would be surprised to see this also happen in two traditionally rich states, Belgium and the Netherlands. The latter's problems look particularly acute, since its natural gas reserves will start to run out during the decade, with the result that oil's share of its energy consumption looks set to climb from 44 per cent to 55 per cent.

Formally, the Ten are committed to spending £260bn on energy investment by 1990. Compared with the period 1968-80, and assuming 2.5 per cent a year economic growth, this would be worth 2.2 per cent of gross domestic product instead of 2.1 per cent and 9.7 per cent of gross fixed capital formation, instead of 6.8 per cent. With the recession piling on the financial demands for industrial restructuring, there is little confidence in Brussels of such a large reallocation of gross domestic product in favour of energy.

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Italy unions turn strike into trial of strength

By Rupert Cornwell in Rome

A STRIKE by Italy's 150,000 public and local transport workers which paralysed most cities yesterday has become a critical trial of strength between the main confederated unions and their ever more assertive "autonomous" counterparts.

The 24-hour stoppage has meant another day of disruption in what has been a particularly chaotic winter for the transport system.

Most of the repeated strikes on airlines, trains, and now public transport have been caused by the autonomous or independent unions, which tend to demandl much greater pay and conditions improvement for their members than the big three confederations: the CGIL, CISL and UIL.

The big three called yesterday's action in what they admit is virtually a last ditch attempt to re-establish control over the rank-and-file. Sig. Luciano Lama, leader of the Communist-dominated CGIL, Italy's largest union, said yesterday that the strike had to succeed if the confederation was to bargain properly with the Government.

In Rome, which is the main test case, his appeal appears to have been largely ignored, however. Although underground trans and trams were halted, buses seemed to be running almost normally by midday in response to a call by the independent unions for workers to operate as usual.

Instead, the "autonomi" are calling their own unofficial strike tomorrow in Rome. If a similar, exercise last week is anything to go by — when a sudden wildcat stoppage brought Rome's buses to a complete halt—the disruption will be at least as great as yesterday's.

The different approaches of the two groups emerge clearly from their claims. The confederation's official platform is for a monthly rise of L50,000-L80,000 (£22-£35) for drivers, the independents are demanding up to L200,000 (£88), coupled with full protection from inflation.

Both claims, on the face of it, are far too high for the municipal authorities, in Rome or elsewhere. The total deficit of Italy's urban transport system is around L1,700bn (£800m) a year, and investment is new rolling stock is nearly at a standstill.

Party shrinks from changing balance of power in Moscow

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

FATE, not the will of the party, will determine the timing of the next leadership change in the Soviet Union. This is the ironic concluding message of the 26th Congress of the Soviet Communist Party whose Central Committee yesterday re-elected Mr. Leonid Brezhnev (74) general secretary and confirmed in their posts all 14 voting, and eight non-voting members of the politburo as well as the ten party secretaries.

The party in so doing has passed over another opportunity to rejuvenate the ageing leadership and, what is probably even more important, create that precedent for the smooth transfer of power whose absence is *one of the most* glaring inadequacies of the Soviet political structure.

In purely political terms, the

confirmation of Brezhnev and his entire leadership team *reflects his strong hold over* the levers of power. If anything, his power has increased in recent months.

This is partly because of the extraordinary recovery in his health after four years of declining vigour. Rumour has it that this is due largely to the services of a lady faith-healer. Mr. Brezhnev's health has not only enabled him to retain his grip on power at home but has also made it possible for him to travel abroad to Budapest, Berlin, Belgrade, Warsaw and New Delhi over the past two years and so reassure others of his continuing control.

Others in the ageing politburo have not been so lucky. Prime Minister Alexei Kosygin died three months ago and several other members have been absent for lengthy periods *due to ill health, including* Marshal Dimitri Ustinov, the Minister of Defence.

The replacement of Mr. Kosygin by the 75-year-old Mr. Nikolai Tikhonov reinforced Mr. Brezhnev's power in the governmental apparatus because Mr. Tikhonov is a protege in a way that the independent Mr. Kosygin never was.

Few observers expected Mr. Brezhnev to relegate himself to the obscurity of Soviet-style political retirement but some effort to reduce the average age of the politburo members from its present 69 years was looked for.

Mr. Arvid Pelshe seemed the most likely candidate. After all he is 82 years old. However, he is a symbolic figure; the only "Old Bolshevik" left in the *politburo. He is also reputed to* be the brother-in-law of the party's chief ideologue and "kingmaker," 78-year-old Mr. Mikhail Suslov. Nobody crosses Mr. Suslov easily.

The fact is that although Mr. Brezhnev is very powerful, he *is not all-powerful. The secret* of his success has been his ability to mediate between powerful interest groups and his penchant for the removal of potential heirs. The systematic refusal to inject new blood into the politburo, however, means that the "inner circle" in their seventies have been in the politburo a very long time. They are too powerful to remove, even if Mr. Brezhnev wanted to do so.

All this means that the party and the country is stuck with an ageing leadership and unchanged policies until death or illness strikes. When death changes the balance of power within the politburo the real struggle for power will begin. The blame for leaving the Soviet *Union rudderless and without* trained leaders in reserve will then be heaped on the present incumbents.

KANIA FLIES BACK FROM POLAND

MR. STANISLAW KANIA, the Polish Communist Party leader, yesterday returned to Moscow for the close of the Soviet party congress and presumably for a formal meeting with President Leonid Brezhnev, writes Christopher Bobinski in Warsaw. Other East European leaders had their meeting with the Soviet leader last week. Mr. Kania and General Wojciech Jaruzelski, the Polish Prime Minister, attended the first two days of the congress last week when the former delivered a speech in which he pointed to Lenin's policy favouring an independent Poland and added that the "Polish party and nation will solve the country's problems by themselves." Two other members of the Polish delegation, Mr. Andrzej Zabinski, first secretary in the industrial district of Silesia, and Mr. Emil Wojtaszek, in charge of foreign relations in the party, stayed in Moscow.

EAST GERMANY CAUGHT BETWEEN POLISH CRISIS AND THE WEST

The scars of Socialist success

BY MARK MEREDITH, RECENTLY IN EAST BERLIN

IN THE early days, the West Germans could say some nasty things about East Germany. I remember one, eyeing an East German Wartburg car contemptuously, asking: "Is it true the axle is made of wood?"

Nearly 15 years later, much has changed. East Germany is no longer the "Soviet Occupied Zone" to West Germans and, having accepted the existence of the German Democratic Republic, some West Germans are downright complimentary. "You've got to hand it to them. They have a stable economy and we shouldn't always look for the bad points," commented a senior West German economist with long experience in watching the East.

At great cost, East Germany has found its feet and now looks fearfully at threats of political instability within the Eastern bloc and at international economic constraints which could spoil its achievements.

After the devastation of war, virtually all East Germany's industrial base was dismantled. As reparations, entire factories down to the last bolt were taken off to the Soviet Union. Since then, with a ruthless mixture of determination and dogma, East Germany has built itself up to a position it claims is among the ten most industrialised countries in the world.

East Germany has won international recognition after a lot of trying. Western embassies occupy plum locations in East Berlin and West Germany has a mission in the East as well.

A vast building programme has transformed the city centre into much more of a capital. There is more confidence and pride in what has been achieved and in the fact that East Germans have done it without heavy infusions of aid.

> Poland's strikes and poor economic record are affecting East Germany. Hard coal shipments have been cut, and Poland's participation in Comecon projects has been retarded.

But accomplishment has left a scar on East Germany's approach to the world. It remains deeply suspicious of the West and intolerant of the unorthodox among its Warsaw Pact allies. Newspapers and speeches incessantly ring with the importance to guard the achievements of socialism.

It took the grey horror of the Berlin wall and an entire border with the West lined with barbed wire and minefields to protect East Germany at a crucial stage of its development from the erosive effect of the more prosperous Western economies and to prevent the exodus of skilled labour.

The wall worked, and East Germany's leaders were obviously ready to live with the inhumanity of it all.

East Germany now looks at its Slav neighbours anxiously, complaining bitterly that any flirtations with more popular forms of Communism could expose the system to the evil designs of its enemies.

This explains East Germany's worry about the development of a free trade union movement in Poland. The recent visit of Mr. Stanislaw Kania, the Polish Communist Party leader, to East Berlin for a meeting with Mr. Erich Honecker, East Germany's leader, was notably cooler than Mr. Kania's previous visit to Prague to reassure fellow Warsaw Pact leaders that Poland was under control.

East Germany was the most vocal and uncompromising critic of the reform movement in Czechoslovakia in 1968 under Mr. Alexander Dubcek, and deep suspicions remain about the effect of reform on political and economic discipline within the party.

In East Germany, any alternative to the leadership of the party has become unthinkable. Dissidents have been shipped off quietly to the West, and even the importance of the National Front, an assembly of non-Communist parties and interest groups formed to give public broad-based blessing to party decisions, seems to have faded.

The upheavals in Poland have tended to sandwich East Germany ideologically. Ideological subversion from West Germany, East Germany can handle. Coping with it from Poland as well has created a new menace.

Poland's strikes and poor economic record also affect East Germany. Shipments of Polish hard coal to East Germany have been reduced to a trickle, and Poland's participation in Comecon projects has been retarded.

Little has been done to discourage the belief among ordinary East Germans that Polish tourists were stopped in October from visiting East Germany and snapping up the limited supplies of consumer goods on the shelves.

The feeling that "the Poles can never get it right" coincides neatly with an effort by the East German leadership to reinforce a sense of nationality among their own people.

This resurgent sense of German nationhood was for them illustrated by Herr Honecker's recent remarks about the reunification of the two Germanies, a subject buried as the existence of two Germanies became more accepted.

Frederick the Great has found a new acceptability behind the Berlin wall as East Germany asserts its national identity.

The statue of Frederick the Great, symbol and patriarch of modern Prussia, was recently lowered by crane back on to his pedestal on Unter den Linden, East Berlin's showcase street, to give a most public sign that some parts of the past were becoming acceptable.

The Berlin cathedral is now being restored after lying shattered by bomb damage since the war. Whole city blocks are to be reconstructed in the "old Berlin" fashion with cafes and shops.

The building programme is impressive. It has all put colour in the city's cheeks, but has done little to give the capital a real soul.

New multi-storey housing blocks go up despite the social lessons learned from high-rise housing in the West.

Teenagers after school wander aimlessly through the glassy foyers of the new, prestige-boosting hotels. They eye the goods in the lobby shops which carry the message that "you can also buy classy stuff in East Germany." But the teenagers are unlikely to have the Western currency to buy anything, unless their relatives have sent in money from the West.

The proximity to the prosperous West has haunted the East German leadership and even today East Germany's performance is usually compared with West Germany rather than with the other members of Comecon, with which East Germany has stronger economic links. Trade with West Germany, none the less, remains East Germany's main source of hard currency.

It is wrong to think that East Germany, having steeled itself against subversion from outside, is unable to change. Its economy has undergone profound upheavals to cut back extensive waste and make production more responsive to market demand.

Next April, East Germany's Communist leadership, the Socialist Unity Party, holds its tenth Congress in East Berlin and will endorse the next five-year plan.

The plan will reflect the relatively healthy state of the economy, but also some of the cuts necessary to adjust to world recession and falls in export orders.

At the same time, the party is more than likely to reach new heights of rhetoric in expressing its solidarity with the Soviet Union and the interests of socialism. The backwash from Poland is likely to be still very much in evidence.

OVERSEAS NEWS

President of Korea inaugurated

By Ann Charters in Seoul

PRESIDENT Chun Doo Hwan was inaugurated yesterday as South Korea's President, marking the end of 16 months of political and social upheaval which began with the assassination of former President Park Chung-Hee in October, 1979.

In his address to the nation, President Chun said that Korea was at the end of an era marred by many ordeals, but that March 3 would go down in history as the beginning of a modern independent democracy and a mature industrial nation.

The President, chosen in an indirect election last week to serve a single seven-year term, stressed that "revision of laws to serve specific persons must be rejected," referring to the rewriting of Korea's constitution in the past to allow former presidents to stay in power.

President Chun also called for an end to the total isolation of North Korea and repeated his January 12 proposal for a meeting with Kim il Sung, North Korea's leader, requesting that Pyongyang reconsider.

To commemorate the inauguration, President Chun pardoned over 5,000 people, including the former Army Chief of Staff, who was convicted in connection with the assassination of former President Park.

Also benefiting from the amnesty were 307 people convicted for involvement in the civil rebellion that erupted in a provincial city last May.

Terry Povey in Tehran assesses the prospects of a ceasefire as the Islamic peace initiative continues

Why Iran may want to end the Gulf war

ALL THE SIGNS in Tehran are that some Iranian leaders at least want to put an end to the Gulf War. The latest peace mission from the Islamic Conference is due to arrive in Tehran today, but it is still politically impossible for those Iranians who want peace to voice their opinions publicly. And, as with the resolution of the U.S. diplomatic hostages crisis in mid-January, many delays are possible before the five-month-old war with Iraq comes to an end.

There are several reasons why Iranian leaders might conclude that peace is in Iran's best interests. First, the military situation, in terms of battle-ready troops and equipment, is said to be "as good as it's going to get." Access to large quantities of U.S., British and other heavy arms is still being denied Iran.

A steady flow from the free arms market is not enough to make a major difference compared with the rate at which material is being used up. Talks are a serious option, given the choice of high casualties and the possible destruction of what has been achieved in the regular forces to date by way of reorganisation in an attempt to break through well-entrenched Iraqi positions.

Yet another reason concerns the continuing domestic political tension. The war, when it began, served to create a mood of national unity, but this has dissipated. Iran is now more divided than ever. Political activists from different camps speak of considerable tension in major provincial cities. Although President Abul-Hassan Bani-Sadr, as Commander-in-Chief, has certainly gained in popularity, his newly won supporters expect results rather than promises.

The atmosphere of a war economy, with its controls and rationing and its love of secrecy, has greatly aided the Government of Mr. Mohammed Ali Rajai to survive so long, according to some supporters of the President. "Under any normal situation, their incompetence would have been self-evident and we would have been free to attack them, but our hands are tied behind our backs by the war," was how one put it.

The clearest indication of a willingness to negotiate peace came on Monday, when Gen. Valiollah Fallahi, acting head of the joint Chiefs of Staff, said: "The only problem remaining is that of priorities. Should the aggressor be identified and punished first, or should there first be a ceasefire and a withdrawal of its forces? . . . I believe that a short ceasefire period during which the aggressor forces leave our soil, totally and unconditionally, is necessary."

Significantly, neither the state radio nor most of the newspapers carried Gen. Fallahi's remarks, although they they were made after a meeting between military chiefs and Iran's revolutionary leader, Ayatollah Khomeini. Government spokesman Mr. Behzad Nabavi told a Press conference yesterday: "I don't know whether Gen. Fallahi said such a thing or not. The Government's position precludes any ceasefire or armistice before the withdrawal of (Iraqi President) Saddam Hussein's forces."

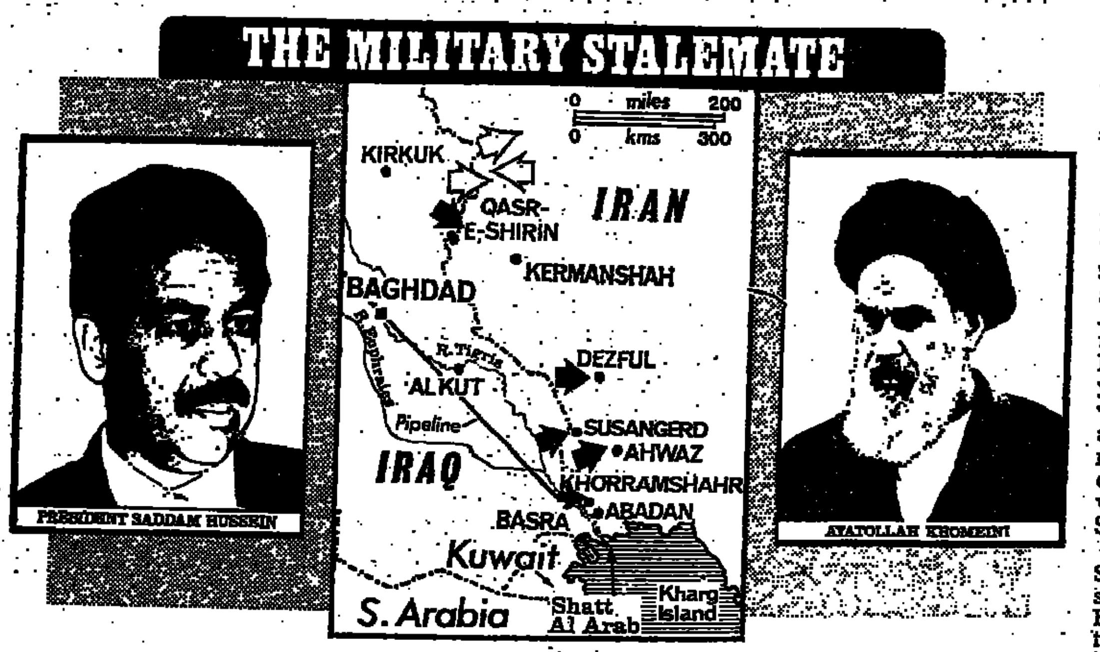
It is clear that Mr. Bani Sadr's political opponents feel something is going on. The Foreign and Defence Committee of Parliament, dominated by supporters of the Islamic Republican Party, recently called for "all officials of the country to inform Parliament of any talks held with any foreign officials." The committee emphasised the "war until victory" position common to the Fundamentalists. Resolutions from groups of Revolutionary Guards and others condemning any talks as aiding the enemy have also appeared in the Press.

For the fundamentalists, the war has had certain advantages, as Ayatollah Khomeini has himself pointed out more than once. The fundamentalists want to reduce consumption for ideological reasons. Restricted port capacity and government controls over foreign trade have allowed them to do so. Rationing and attempts to control prices and distribution have aided an extension of Fundamentalist and revoluntionary political organisations.

This is a war in which there will be two losers, and yet both sides must be allowed to claim victory for domestic purposes. Iran will be able to say that it forced its enemy to withdraw. Iraq, for its part, will be able to claim it has only been fighting to force Iran to agree to talks. Both sides will end up discussing the 1975 agreement which still seems the best basis for an overall settlement.

It is far too early yet to say when or even how a ceasefire will be reached. What seems clear in Tehran is that some at least recognise that a military victory is unlikely, and therefore negotiations, even indirect ones, are inevitable. As with all things in Iran, progress has to be subject to the rigours of political differences among the leaders.

Those in Iran who want an end to the war must obviously hope the Iraqis feel the same. This is why the rapid return of the Islamic Conference delegation is seen as important. Although most of its members play a secondary role, some have the confidence of both Tehran and Baghdad. As one official here put it: "If Iraq wants to send us a message, it knows who to do it through."



Iraqi forces first attacked Iran in strength on September 22 after months of border skirmishing between the two sides. The Iraqis abrogated the 1975 Algiers agreement with the Shah which had given Iran limited territorial concessions in return for them ceasing to support Iraqi Kurdish rebels. The battlelines have changed little since October

Cabinet Ministers resign in Thailand

By David Butler in Bangkok

THREE MINISTERS in the Thai Cabinet resigned yesterday, paving the way for a Cabinet reshuffle, amid an acrimonious dispute between the coalition partners in Prime Minister Gen. Prem Tinsulanond's Government.

The dispute, which has erupted over Thailand's oil policy, hinges on whether Mr. Boonchu Rojanasthien, Finance Minister and leading member of the majority Social Action Party, is to have full control of the country's economic policy.

While the dispute is not expected to topple Gen. Prem, it has undermined confidence in his leadership. It is possible that Mr. Boonchu may resign—his deputy, Mr. Visit Tansacha, resigned on Monday—but there is no indication that he is being encouraged to do so by the Premier.

The three Ministers to resign yesterday were all members of the Democrat Party, a member of the coalition Government but not directly involved in the Cabinet dispute. They are Mr. Chuan Leekphai, Justice Minister, Mr. Banyat Bantathan, Deputy Interior Minister and Mr. Kraysorn Tantipong, Deputy Industry Minister.

The dispute centres on control of Thailand's oil purchases. Earlier this month, Mr. Chatichai Choonhavan, the Industry Minister and member of the Thai Nation Party concluded a Government-to-Government contract with Saudi Arabia for 65,000 barrels a day of light crude oil.

While he was in Jeddah, the Governor of Petromin, Saudi Arabia's national oil company, received two telexes saying that the Industry Minister lacked the authority to sign the deal. The first was "signed" by Mr. Chatichai's deputy, Mr. Visit Tansacha, the second by Mr. Visit and Mr. Boonchu Rojanastien, the Deputy Prime Minister. The row was only resolved when Gen. Prem intervened personally, coming to the support of Mr. Chatichai.

Mr. Visit, a protege of Mr. Boonchu, admitted later that he had affixed his mentor's name to the second telex without Mr. Boonchu's knowledge.

Mr. Visit resigned on Monday, after Gen. Prem issued an ambiguous statement saying that Mr. Visit had engaged in no "illegal practice" but had made "mistakes."

At issue is whether the Social Action Party, the largest in the three-party coalition, will have full control over economic policy or have to continue to share that control with the Thai Nation Party.

Mr. Boonchu, a dynamic former president of the Bangkok Bank and member of the Social Action Party, seeks such control to realise his vision of "Thailand, Inc."

Israel announces tax cuts

By L. Daniel in Tel Aviv

ISRAEL'S new Finance Minister has embarked on a series of purchase tax cuts which many here regard as pre-election tactics.

While the avowed aim is to slow down inflation, the net result will be a worsening in the balance of trade and of payments. Moreover, the cuts are confined to consumer durables with the result that only those in the higher income-tax brackets will benefit.

A 10 per cent reduction in the prices of colour TVs and cars of up to 1300 cc was accompanied by a rise in the price of cheese and of frozen meat.

This move has been followed by a further series of cuts for electrical equipment.

In addition, Mr. Yoram Avidor, the new Minister, has announced a revision of tax brackets as from April which will put 50 per cent of the country's workforce into the lowest tax bracket of 25 per cent.

A series of other measures, such as the abolition of property tax on flats and houses, and of inheritance tax, will clearly benefit mainly the well-to-do.

Power cuts threat in South Africa

BY QUENTIN PEEL IN JOHANNESBURG

ESCOM, the South African electricity generating utility currently engaged in a £6.5bn 10-year expansion programme, has warned that soaring demand may result in selective power cuts this winter.

The first widespread "brownouts" occurred last week, well before the peak demand months of May to September, when two 600 MW turbo-generators at the new Duvha power station in the eastern Transvaal failed at the same time as power from Mozambique's Cabora Bassa hydro-electric scheme was interrupted. The cuts lasted for half a day.

Uncertainty over the supply of electricity from Cabora Bassa, which was recently interrupted for almost two months because of sabotage by guerrillas in Mozambique and is still running at only half the normal level, is one important cause of Escom's concern. Another is the continuing trend to switch to electricity from other power sources such as diesel.

Electricity officials have already negotiated agreements with major power users—mainly the mines, which consume some 30 per cent of South Africa's total output—for voluntary load shedding at peak times, while a campaign to reduce domestic electricity consumption is about to be launched.

A continuing squeeze on electricity supplies could discourage South Africa from becoming a significant power exporter to neighbouring states. Plans are currently going ahead to link Namibia (South West Afriza) to the South African grid, and a line to Botswana is also planned.

Escom expects its reserve capacity to be reduced to some 14 to 17 per cent this winter, compared with an ideal reserve of 25 per cent, in spite of its rapid expansion programme. Present generating capacity is some 17,300 MW—excluding a maximum 1,370 MW from Mozambique—while demand this winter could rise to at least 15,000 MW.

The utility has had to cope with an unprecedented surge in demand: It has increased at an annual average 9.3 per cent over the past 10 years, and is expected to increase by a further 9 per cent in 1982 and 7 per cent in 1983.

Officials point to two further problems. One is teething trouble with the big 600 MW turbo generators at Matla and Duvha, the two newest coal-fired power stations. Although Escom describes this as "quite normal," rapid commissioning has meant they have been brought into operation before all the problems had been ironed out.

The second problem is with maintenance, for officials admit that because of having to run with less than ideal reserve capacity, a maintenance and repairs backlog has built up. It has been aggravated by the universal shortage of technicians.

More generating capacity is due to come on stream in the coming months, but only 250 MW before the winter, at the Drakensberg pumped storage scheme in May. In September, another 600 MW at both Matla and Duvha should be commissioned, and a further 250 MW at the Drakensberg scheme.

Volcker backs big and early spending cuts

BY DAVID BUCHAN IN WASHINGTON

THE LINCHPIN of President Reagan's economic programme is "early and massive" cuts in federal Government spending, Mr. Paul Volcker, chairman of the Federal Reserve Board, told Congress yesterday.

In repeated appearances on Capitol Hill, the influential central bank governor has steadily sharpened his theme that without big spending reductions, the President's proposed tax cuts would be inflationary and the Fed's own monetary policy painfully restrictive on private credit.

Mr. Reagan, whose actions indicate a receptive ear to Mr. Volcker's concerns, this week took his case for big spending cuts to the nation's mayors assembled in Washington. Like the governors last week, the mayors have given Mr. Reagan's plans a qualified endorsement.

Mr. Volcker was addressing the House of Representatives Ways and Means Committee, where all tax legislation must originate and which also has major control over spending. In his firmest statement so far, the fed chairman said: "All the risks seem to me on the side of not cutting back the rise in spending enough."

Mr. Volcker said: "Every dollar of added savings can only help head off tensions in financial markets, make room for more private investment and provide an appropriate setting for prudent and needed tax reduction.

Fed officials are pleased that Mr. Reagan has decided to cut another $3bn to $6bn, on top of the $41.4bn already announced, out of the 1981-82 budget to try to keep the deficit under $45bn. But Mr. Volcker said that very strong action was needed. "After years of inflation, attitudes and expectations are not likely to change easily.

The Administration is depending heavily on the hope that bold action in Washington, by Congress and the White House, will change people's inflationary expectations and thus persuade trade unions and business to lower wage and price increases.

The Reagan economic forecasts predict real gross national product growing 4.2 per cent in 1982 compared to 1.1 per cent this year and inflation decelerating from 11.1 per cent this year to 8.3 per cent next year. These predictions have been widely derided as either optimistic or inconsistent.

Mr. Volcker came to the rescue yesterday, to the extent of pointing out that all economic forecasting has proved erratic in recent years. However, the Fed chairman said certain points were clear. Tax rates should be cut, but the amount of relief that could be undertaken prudently depended on how much public spending was axed. In any case, tax reductions could only be modest in the short run and should be geared to increase incentives to work, save and invest.

Four New York banks cut prime rate to 18½%

BY PAUL BETTS IN NEW YORK

[illegible] large New York Banks, [illegible]ibank, Chase Manhattan, Morgan Guaranty Trust Company and Manufacturers Hanover, lowered their lending rate to prime borrowers by half a percentage point to 18½ per cent yesterday.

This follows similar moves by other large U.S. banks, including Chemical Bank and Continental Illinois of Chicago.

During the past few weeks, the prime rate has gradually drifted down from its record level of 21½ per cent last December. The shift reflected declining loan demand and a reduction in the banking industry's own cost of funds.

Moreover, while some parts of the market are now forecasting that the prime and other interest rates could drop further, there is general agreement that rates will remain volatile. Some economists suggest that the prime could rise again soon.

Hendrie back as nuclear chief

By Paul Betts in New York

THE REAGAN Administration has reinstated Mr. Joseph Hendrie to head the U.S. Nuclear Regulatory Commission in what is widely seen as an attempt to speed up the licensing of new nuclear plants in the U.S.

Mr. Hendrie, a Republican, was dismissed as chairman of the agency by President Carter in December 1979 in the wake of widespread criticism of the commission's handling of the nuclear plant accident at Three Mile Island in Pennsylvania. Although Mr. Hendrie stepped down as chairman, he continued to serve as a commissioner.

The accident at Three Mile Island in March 1979 virtually brought to a standstill the licensing of new nuclear plants. The agency has been increasingly criticised recently for issuing only four licences since the accident when the U.S. is seeking to reduce dependence on oil imports.

President Reagan, who has already taken steps, including total decontrol of domestic oil prices, to encourage greater oil exploration and production, has repeatedly indicated that he wants to encourage development of nuclear energy.

Mr. Hendrie's term as chairman will end next June

Mexico current deficit up 35%

By William Chislett in Mexico City

MEXICO's deficit on the current account of the balance of payments rose 35 per cent in 1980 to $6.6bn (£3bn), despite a sharp increase in oil export earnings from $3.8bn to $9.4bn, according to the central bank's 1980 annual report.

The deficit, which was far higher than expected, was mainly due to a substantial shortfall in the value of oil exports, which were targeted at $12bn. A sharp increase in agricultural imports, which rose 148 per cent to $3.1bn, and heavy capital goods imports for industrial expansion pushed the deficit on visible trade to $3.2bn.

No appeal to Supreme Court on Letelier acquittals

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. Government has decided not to appeal to the Supreme Court for a reversal of a lower court ruling freeing two men convicted in the murder of Sr. Orlando Letelier, the Chilean dissident leader, in Washington in 1976.

Although the decision not to appeal was taken on legal grounds, and although the prosecuting attorney who wanted an appeal has said he will re-try the two anti-Castro Cubans, the Justice Department's decision has clear foreign policy implications.

Relations between the Carter Administration and General Pinochet's regime in Santiago were severely strained because of Chile's refusal to extradite three Chilean secret police agents named in the murder indictment.

But the Reagan Administration is seeking a rapprochement with Chile, which it sees as an anti-Communist bulwark in South America. The decision not to go to the Supreme Court may well be interpreted in Chile as a further indication of the U.S. desire to wipe clean Mr. Carter's Chilean slate.

But critics have pointed out that the Administration's new approach to Chile appears to fly in the face of its expresed intent to do all it can to combat international terrorism.

Last year an Appeals court set aside the murder convictions of the two men (a third is serving a long sentence) because it found that important evidence in their trial from two other prison inmates should not have been used.

It based its ruling on a Supreme Court verdict earlier last year prohibiting the introduction into court of evidence from fellow prison inmates who were serving as unofficial Government agents. That, the Supreme Court ruled, violated the defendant's right to have a lawyer present whenever interrogated by Government officials.

Reagan raises Chile's hopes for closer links

BY MARY HELEN SPOONER IN SANTIAGO

CHILEAN HOPES for close relations with the new Administration in Washington have been boosted by President Ronald Reagan's hard line towards El Salvador and the lifting of sanctions imposed by the previous Administration.

The sanctions included Chile's exclusion from an annual series of naval manoeuvres between the U.S. and various Latin American countries. U.S. exports to Chile were also denied financing from the Export-Import Bank. They were applied in 1976, after the assassination in Washington of Sr. Orlando Letelier, the Left-wing former Chilean Foreign Minister.

The Government of Gen. Augusto Pinochet refused to extradite three officials whom U.S. investigators had implicated in the assassination, and did not carry out its own investigation to the satisfaction of U.S. officials.

A U.S. embassy spokesman in Santiago, repeating statements by State Department officials in Washington, emphasised that restoration of Export-Import Bank financing was designed to help U.S. products compete in

Mr. Reagan: lifting the Carter sanctions.

Chile's booming market.

However, the Export-Import Bank is one of several U.S. agencies facing substantial budget cuts. The spokesman also said the U.S. Government continued to hope for Chilean co-operation in the Letelier case.

Sr. Rene Rojas, Chile's Foreign Minister, was confidently predicting last week that the U.S. would soon lift its ban on arms sales to Chile. The arms embargo has been in effect since 1976, when an amendment was attached to legislation controlling arms exports, and effectively prohibited the sale or delivery of arms to Chile and Argentina. However, Congressional action would be necessary to lift the embargo.

Chilean expectations of improved relations with the United States were further heightened by the visit of Gen. Vernon Walters, a special envoy dispatched by the State Department to present U.S. evidence

Gen. Pinochet: staunchly anti-Communist.

of Soviet and Cuban arms shipments to El Salvador's guerrillas. Despite the fact that Gen. Walters' visit had nothing to do with U.S.-Chile relations, and was part of a tour of several Latin American countries in search of support for U.S. policy on El Salvador, much of the Chilean Press depicted it as having greater significance.

Gen. Walters received a strong pledge of support from the staunchly anti-Communist Pinochet regime, and attention was given to the fact that he and Gen. Pinochet had known each other before the visit. Many also interpreted the visit as a vindication of Chile's attitude towards the Letelier case.

Gen. Walters served as deputy director of the Central Intelligence Agency until just before Sr. Letelier was killed in Washington. As the agency's second-ranking official, he was in contact with other foreign intelligence services, including Chile's Dina, and had once met Gen. Manuel Contreras, the Dina director who is one of three Chilean officials U.S. investigators sought to extradite in connection with the assassination.

High interest rates pose threat to housing finance

BY OUR U.S. EDITOR

THE ADMINISTRATION is reported to be concerned that continued high interest rates pose a serious threat to the health of the savings and loans industry, the core of U.S. housing finance.

A senior official was quoted in yesterday's Wall Street Journal as saying tht major institutions, including life insurance companies as well as savings and loans institutions, were "near insolvency."

The official, who was not named, qualified his remarks later in the interview to say that such would be the case if there were a renewed surge in interest rates, which would widen the spread between the costs of raising and lending funds.

His concern is known to be shared by the Federal Reserve. But there is no evidence that either the Administration or the Fed are preparing any stand-by rescue plan. Last year the Federal Savings and Loan Insurance Corporation spent about $1.3bn to save faltering institutions.

The official's remarks were blunt: "Any honest evaluation of the savings and loan industry would show that their equity has been wiped out.

Life insurance companies were similarly endangered.

Canada imposes petroleum tax

BY VICTOR MACKIE IN OTTAWA

THE Canadian Government yesterday imposed a temporary tax of just over two cents a gallon on petrol and home heating fuel after the province of Alberta cut oil production by 100,000 barrels a day on Sunday.

Mr. Marc Lalonde, Energy Minister, said the tax boost was necessary to pay for the higher-priced imported oil that would be needed to cover the shortfall in supply.

The tax increase, enacted for three months, boosts this year's total price increase for domestic petroleum above C$4.50-a-barrel ceiling promised by the Liberals in the last election campaign. This promise was believed to be largely responsible for their victory.

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Mr. Peter Lougheed, premier of Alberta, cut the flow of Alberta oil in an effort to pressure the Federal Government into granting Alberta higher oil prices and tax revenues.

Alberta's Government has threatened more cuts in production on June 1 and September 1. If no deal is reached, the proposed series of cuts will cost Canadian consumers C$965m (£368m) in new petroleum taxes this year, according to Federal energy officials.

● A sharp turn-around in the last three months of 1980 salvaged a miniscule overall increase in Canada's economic growth last year, Mr. Allan MacEachen, the Finance Minister, said.

"The evidence is we have recovered from the recession."

Statistics Canada reported that the gross national product in real terms rose fractionally by one-tenth of 1 per cent in 1980, down from an increase of 2.7 per cent the previous year.

Fourth-quarter growth, however, was a healthy 2 per cent in real terms, the best quarterly performance since early 1976.

Mr. MacEachen had forcast in his October budget a decline in growth of 1 per cent last year, with an increase of about the same level for 1981.

WORLD TRADE NEWS

Third World bid for bulk shipping trade

BY BRIJ KHINDARIA IN GENEVA

SHIPPING companies involved in transporting Third World raw materials to the West face a concerted effort by developing country governments to wrest some of the lucrative bulk-shipping trade for their own fleets.

A 13-country committee is meeting in Geneva this week to devise ways in which poorer nations can break into bulk cargo shipping. It also wants to reduce control over shipping of such materials as iron ore, phosphates, bauxite and alumina of multi-national companies engaged in mining, processing and refining operations.

As a first step, the committee will prepare a searching questionnaire which will be sent to all major raw materials importers and exporters to collect information needed to hammer out a long-term policy.

The meeting is being held under auspices of the United Nations Conference on Trade and Development (UNCTAD) whose shipping division director said the questionnaire "would help to clarify attitudes."

UNCTAD, seen by many Western governments as a radical agency, has suggested to governments that bulk shipping can be opened up to new entrants only through a coherent and internationally-agreed policy designed to boost Third World participation.

Most governments including richer and poorer nations agreed at an UNCTAD conference in 1979 to recognise "the right of all countries to an equitable participation in the carriage of cargoes generated by their own foreign trade."

A subsequent report by UNCTAD found that "two-thirds of the world movements of iron ore and probably an even higher proportion of bauxite and alumina are tied to trans-national corporations." It also found that world-wide trade in grains is almost completely run "by five privately-owned and operated trans-national concerns which also control transport."

Few trans-national companies own shipping fleets but they dominate transport of materials of interest to them through long-term contracts with independent shipners, which the report described as "closely related parties."

Because of existing structures, it is very difficult for any new entrant whether from an industrialised or developing country to enter the world's shipping trade.

The shipping companies, with some support from Western government delegates, argue that developing countries will find it more costly to use their own fleets instead of established shippers.

The need to break into the shipping trade is based on ideological arguments rather than commercial or practical grounds. Handling long-distance bulk cargo is an expensive and complex operation which most Third World exporters are ill-equipped to handle, they add.

West Germans and the pursuit of happiness

BY LESLIE COLITT IN BERLIN

WEST GERMAN tourists who last year spent DM 37bn (£7.8bn) abroad, show no signs of changing their habits, despite the sinking Deutschemark and the economic slowdown in their country.

This is the picture emerging from the International Tourism Exchange in West Berlin.

West German tourists were the world's top spenders on foreign travel last year.

Herr Michael Friedrichs of Touristik Union International, Europe's largest tour operator, says the West German traveller is more price-conscious than before but is not sacrificing his holiday abroad.

Although Italy continues to be the second most popular foreign destination for Germans after Austria, there has been a fall in package tours to Italy, following the recent earthquake, as well as Press reports of increased violence. However, Sig. Ermanno Menichetti of ENIT, Italy's National tourist office, says 80 per cent of West German tourists travel individually to Italy, and that advance bookings from them so far appear normal.

Spain, by holding back on further hotel price increases, is recovering the loss of German tourism it suffered last year, when the rates were sharply boosted.

Malta, which for years has been a traditional holiday territory for Britons, is attracting a growing number of Germans. The West German Maritim Group is building two new hotels on the island. These are expected to bring in even more West German visitors, as they will be under German management and will have German cooks.

Condor, the charter wing of Lufthansa the German national airlines, says that long-haul destinations are not being sold to West Germans with the ease of a year ago. Herr Karl-Theo Rehmert, head of sales, says the Lieschen Mullers of West Germany—the office secretaries—are no longer booking tours to Kenya, and that there is a great deal more last-minute comparative price booking, which is wreaking havoc with planning.

Herr Arno Angermeier of Britain's Laker Airways, says its newly-opened tour operation in Berlin, using the Airbus, has already booked 50 per cent of its capacity for the summer season, and lured back to West Berlin's Tegel airport travellers who were flying to Greece on cut rate East European carriers from East Berlin Airport.

The recovery of the dollar against the Deutsche Mark could hurt the booming market in West German tourism to the U.S.

W. Germany boosts trade with South Africa

By Quentin Peel in Johannesburg

WEST GERMANY'S trade with South Africa last year turned from a deficit of about R240m (£135m) to a surplus of more than R500m following a substantial increase in sales of German mechinery and a drop in sales of South Africa's Krugerrand gold coins.

A major factor behind the increase in German exports—West Germany is traditionally South Africa's largest supplier—was the effective depreciation of the Deutschemark against the Rand, a movement of 25.8 per cent over the year.

As a result, German exports to South Africa were up a record 46.5 per cent in Deutschemark terms, but only 16.4 per cent in Rand terms.

The largest increases in German exports were recorded for agricultural machinery (up 173 per cent), pumps and pneumatic equipment (114 per cent up), and tool-making machinery (up 76 per cent).

The biggest drop in South African exports to West Germany was in Krugerrands, with sales down from R671.2m to R216m. However, coal sales showed a substantial increase of some 37 per cent, up from R37.1m ($48m) to R50.8m ($66m).

ECGD backing for Algerian rebuilding work

BY PAUL CHEESERIGHT

BRITISH COMPANIES supplying and erecting 800 prefabricated houses to Algeria as part of the reconstruction programme following the El Asnam earthquake in Algeria are to receive backing from the Export Credits Guarantee Department, which is covering £8.3m loans from the National Westminster Bank to the Algerian Ministry of Commerce.

The loans are to help fund contracts won by Cosalt Adda Systems of Grimsby and Guildway of Guildford, each of which has an order for 400 homes.

The contracts represent the vestiges of a scheme which would have brought together a number of building systems companies in a consortium under a lead contractor to bid for £60m worth of housing.

When the attempt to bring the bid together foundered on the reluctance of the putative lead contractor, Grandmet Technical Services, to accept the demands made by the Algerian Government in terms of responsibility for the completion of a contract, it was left to individual companies to fend for themselves.

British companies, however, have been pursuing over £1bn-worth of contracts in Algeria.

Deals which have recently come to fruition include:

- W. S. Atkins International, which has extended its consultancy work in the country by winning a contract for the investigation, design and tender documentation for the proposed Gargar Dam on the Oued Rhio River.
- Compair Construction and Mining, which is to provide compressors, a drilling rig, tools and accessories worth £450,000 to Algerian State Enterprises for use on construction, public works and forestry projects.
- Stothert and Pitt's crane division which is providing crane parts worth £600,000 for machinery to be built by SN Metal of France for use at the port of Annaba.

All these companies have a history of trading with Algeria. W. S. Atkins is already engaged on consultancy work at a steelworks and a hospital. Compair has exhibited at the last two Algerion Trade Fairs, and Stothert and Pitt is continuing a collaboration dating back to 1974.

Indonesia anger

JAKARTA — The Indonesian Garments Association has accused France, Italy and Ireland of being unfair following decisions to stop the import of men's shirts from Indonesia.

The Association said in a statement that 12 Indonesian garment industries had received sudden notices from their European buyers in the European Economic Community to stop producing shirts they had already ordered.

It said the reason was that their Governments refused to provide them with import permits because of quota restrictions imposed by the EEC.

The 12 garment industries said they have formed a reaction committee to face "the stringent protectionism" launched by the EEC.

The Embassies of the countries involved were not available for comment.

The Association said combined sales contracts totalled 400,000 dozen men's shirts for part of 1981 with only France and Italy, while the total contracts for the year were estimated to be about 800,000 dozen men's shirts.

AP

Sharp rise in Japanese TV exports

TOKYO — Japanese colour television exports in January were 51.8 per cent higher than in the same month a year before, according to the Electronic Industries Association of Japan.

Production reached a record level of 770,000 units in January, and 349,000 units went for export.

The success of Japanese sales in Europe has led to difficulties in the EEC. But officials in Tokyo said exports to Europe as a whole seemed to be levelling off.

The sharp increase in exports compared with the beginning of last year largely follows strong demand in Central and South America, where colour television broadcasts started recently. Exports to Argentina were 26,000 units in January, compared with 1,000 units in January, 1980.

Exports to Australia rose by 112 per cent, but the biggest market remained the U.S., where 58,000 units were sold in January.

Agencies

Africa rail orders for Europe group

By Terry Dodsworth in Paris

A EUROPEAN railway consortium led by Alsthom-Atlantique of France has won two locomotive orders in Africa, one of which worth FFr 200m (£19m), gives the group its first foothold in Zimbabwe.

The consortium, called 50-HZ, will be delivering 30 six-axle locomotives to National Railways of Zimbabwe. South African Railways has bought another 40 locomotives, also of a six-axle variety. The locomotives are electrically-powered.

Apart from Alsthom, part of the CGE electrical company, the group includes AEG-Telefunken and Siemens of West Germany, BBO of Switzerland, ACEC of Belgium.

- Reuter reports from Mexico City, France has agreed to give Mexico a FFr 1.4bn (£130m) loan to finance the construction of the third stage of Mexico City's underground railway network.

Deficit of £92m shown in Austria's Comecon trade

BY PAUL LENDVAI IN VIENNA

AUSTRIA'S TRADE with the Comecon countries has taken a dramatic turn for the worse with the country posting a deficit of Sch 3.3bn (£92m) in 1980.

This is the first time since 1963 that Austria has failed to record a surplus in trade with Comecon, which last year accounted for 12 per cent of Austrian exports and 9.7 per cent of the aggregate imports.

Dr. Jan Stankovwky, the foreign trade expert at the Austrian Institute for Economic Research, listed several reasons for the deficit which was in striking contrast to a Sch 2.8bn surplus in 1979.

Austria has been badly hit, he says, by the efforts of the smaller Comecon countries to reduce their imports from the West

While Austria exports to the smaller Comecon states rose 6.9 per cent, imports jumped 29.6 per cent.

At the same time, trade with the Soviet Union produced a deficit almost twice as high as in the previous year.

The rising fuel bill caused a 29 per cent increase in Austrian imports from the Soviet Union, but the Russians reduced their purchases in Austria by almost 9 per cent.

Austrian imports of energy and fuel rose 50 per cent to an all-time peak of Sch 17.8bn last year. Natural gas imports cost Sch 5.7bn (up 62.7 per cent), those of crude oil Sch 4.6bn (up 35.4 per cent) coal Sch 3.7bn (up 10.4 per cent) and petroleum products Sch 3.1bn (up 159 per cent).

Public funds 'used to compensate BSC'

BY ALAN PIKE

ROUGHLY half the public funds provided to the British Steel Corporation during the past six years can be regarded as "compensation" for the impact of government policies on steel prices, the British Iron and Steel Consumers' Council says in a report published today.

The council estimates that factors such as government intervention to delay plant closures and high energy costs added £14 per tonne of steel to BSC's costs in the six years to March, 1980, and £33 per tonne in the 1979-80 period.

The report says that on the subsidies side State support for big steel producers in France, Italy and Belgium has been "of the same order" as that provided for BSC.

Even in West Germany the evidence is "sufficient to destroy the myth" that the steel industry receives no direct financial assistance from the public sector.

The council is, however, unable to quantify the extent to which aid in these countries has the effect of offsetting government-imposed costs.

The council, which represents steel-using industries, says other EEC governments will continue to pump funds into their steel industries to finance rationalisation and modernisation. British producers must match such investment if they are to remain competitive.

Other EEC governments provided "massive assistance" to their coal industries to maintain indigenous coking and other coal supplies without imposing cost disadvantages upon users.

"There appears to be no such rationale to British Government policies. Indeed, these add to energy costs by imposing the highest duty on heavy fuel oil in the European coal and steel community, seeking to relate all energy prices to those of oil and in other ways penalising energy-intensive industrial users."

The report demands greater frankess on state aid to the European steel industry, with action to monitor and control any aids.

● The terms of reference for the committee which is to monitor Mr. Ian MacGregor's progress as BSC chairman will be announced soon by Sir Keith Joseph, Industry Secretary. The committee will be chaired by Mr. John Gardiner, chief executive of the Laird group.

● A delegation of 11 Duport steelworkers protested in Brussels yesterday over the closure of their plant in Llanelli, South Wales. The 1,200 workers at the plant have already agreed to fight the closure, due to take place in two weeks.

Black economy 'can be beneficial'

BY DAVID MARSH

THE HIDDEN or black economy is much smaller than the Inland Revenue has suggested and has beneficial effects if kept within reasonable limits, says a report by the Institute for Fiscal Studies.

It says that a substantial number of people participate in the black economy, but it accounts for only 2 to 3 per cent of the national income.

Based on 1977 data, this would imply the average household spent £300 a year on black economy goods. The institute suggests this is not "of quantitative significance."

Income derived from black economy activities—mainly the work of moonlighters, the self-employed and those receiving payment through "perks"—was estimated in 1979 at as much as 7½ per cent of gross national product by Sir William Pile, former Inland Revenue chairman.

The institute report, written by Mr. Andrew Dilnot and Mr. Nick Morris, contains evidence that the Inland Revenue estimate was exaggerated.

The authors are sceptical about claims that the black economy raises major issues for tax policy and economic management.

"The existence of small amounts of economic activity on which the marginal rate of tax is zero, much of which would simply not be undertaken at all if it were confined to the formal economy, may reduce the disincentive effects of taxation and add to social relationships."

The report draws on information contained in the Government's 1977 Family Expenditure Survey to back its argument that the hidden economy is fairly small, although "it can be large enough to yield a rich vein of anecdotes."

The authors measure gaps between income and expenditure of individuals and households recorded in the survey. The assumption is that households which spend markedly more than their declared income may take part in the hidden economy.

The report makes adjustments to compensate for abnormally high spending on items such as durable goods which are bought at irregular intervals, and makes allowances for pensioners, unemployed people and students who may be running down wealth or incurring debts.

This approach comes up with 2.3 to 3 per cent of GNP

Human rights case opens on former BR workers

BY RAYMOND HUGHES IN STRASBOURG

THE FUNDAMENTAL human rights and freedoms of three British Rail employees were gravely violated when they were dismissed without compensation in 1976 for refusing to join a closed shop, the European Court of Human Rights in Strasbourg was told yesterday.

Mr. David Calcutt QC, for the three—Mr. Iain Young, Mr. Noel James and Mr. Roger Webster—said they were victims of an element of coercion introduced into UK industrial relations by trade union legislation in 1974 and 1976.

The case of the three men, who are backed by the Freedom Association, was referred to the court by the European Commission of Human Rights, which decided last year that the dismissals were a breach of the European Convention on Human Rights by the British Government.

By 14 to three, the Commissioners held that there had been a violation of Article 11 of the convention. This says: "Everyone has the right to freedom of association with others, including the right to join and form trade unions."

The commission majority interpreted that as giving a freedom to join a union of one's choice. It did not necessarily have to be one recognised by the empolyer.

Mr. Calcutt said the three men had found themselves in a situation of "tyranny."

The UK Government claimed that the 1980 Employment Act had put things right—but it had done nothing for the three men.

Since the Act came into force, some unions appeared to have been conducting a purge of employees who were not union members and coercing employers to dismiss them, said Mr. Calcutt.

Earlier, one commissioner, Mr. Joachim Frowein, said it would be difficult to say Article 11 was violated by the mere existence of closed-shop agreements.

It would be quite a different matter to say the Article gave no remedy to those dismissed as a result of a closed shop being introduced.

All the evidence indicated there had been no general practice in the UK that those employed long before the closed shop came into force would be dismissed for failing to join a recognised union.

Almost two thirds of the agreements in force in the UK placed no such obligation on employees.

Mr. Frowein said it would be in line with Article 11 to give trade unions legal protection to strengthen them as trustees of workers. In somewhere like the UK, where there were many unions, closed shops might be perfectly permissible.

However, it was necessary to protect the individual worker against the power of the union.

It would be a real loss of freedom to declare that someone could be dismissed after long service because he refused to join an organisation with ideological objectives, said Mr. Frowein.

Today the court will hear the views of the UK Government and the TUC. The TUC team includes Mr. Kenneth Graham, assistan general secretary, Mr. Bill Keys, general secretary of the print union SOGAT and a member of the TUC General Council, and Lord Wedderburn.

Fisons to shut London HQ after losses

By Sue Cameron, Chemicals Correspondent

FISONS, the troubled chemicals group, will shut its Mayfair headquarters by autumn. It announced this only 24 hours after reporting a 78 per cent drop in pre-tax profits for last year and saying the dividend would be cut.

The company will operate from its other headquarters in Ipswich. In London now are the legal, publicity and financial services.

About 65 work in the six-storey office block in Grosvenor Street, and there are fears that some will be made redundant.

Fisons said yesterday that it had been "examining" the need for a London office as part of a general restructuring programme. But it is understood that staff were told of the closure plans only that day.

The move is clearly designed to cut costs. The company has cancelled its box at Covent Garden as part of this effort.

Last year Fisons had net losses of £16.8m, against net profits of £12.1m in 1979. It announced re-organisation of its fertiliser division earlier this year, with the loss of 1,100 jobs and the closure of four plants.

Tax concession call to offset savings erosion

BY ERIC SHORT

THE SAVERS' Union has suggested that any fall in the real value of money savings should be offset against income for tax purposes.

A pre-Budget submission has been made to the Chancellor by Mr. John Page, the chairman of the union, and Conservative MP for Harrow West. He says that when net interest paid on savings is below the rate of inflation, savers pay what amounts to a capital levy. He describes this as "the rape of the saver."

Mr. Page draws attention to the plight of those receiving a non-index linked pension. While the rate of inflation remains above 3 per cent their plight becomes progressively more serious. He urges the Chancellor to allow the gross amount of pension to be deflated each year for tax purposes by the fall in the value of money.

Mr. Page has asked the Chancellor not to forget the interests of savers who form an important section of the community.

To illustrate public feeling about savings, the Union has published the results of an opinion poll undertaken on its behalf by Gallup.

This shows widespread disillusionment with National Savings. Only 11 per cent of those interviewed believed the National Savings Bank was now a good way of saving. Only 6 per cent thought National Savings Certificates were a good savings medium.

Midlands managers worst paid

By Gareth Griffiths

MANAGERS in small- and medium-size manufacturing companies in the Midlands and Yorkshire are the worst paid in the UK, says a report from Incomes Data Services.

The Top Pay Unit report of surveys on management pay suggests that local factors have more influence on rates in smaller companies. Larger organisations normally expect to recruit and pay their managers in line with national rates.

A survey of 293 companies indicates a substantial gap between salary levels in London and the South-East and the rest of the country.

London pay was 24.2 per cent above the national average. Wolverhampton and outer Birmingham were 13.7 per cent below the average and south and west Yorkshire 13.5 per cent below.

Mechanical engineers had the lowest pay rises among managers between April 1977 and April 1980 and accountants the largest, the report says. It bases its figures on the Employment Department's New Earnings Survey, but suggests pay relativities are not being progressively distorted.

Ford tops commercial market

By John Griffiths

FORD has become the commercial vehicle market leader in Europe. The company is shortly to launch a new medium to heavy truck range — its most important commercial vehicle since the Transit van.

The company sold 179,600 units last year taking 13.4 per cent of the total commercial vehicle market, and relegating the French state-owned RVI (Renault-Berliet) combine to second place. Peugeot SA, whose interests include the Dodge trucks and vans operation in the UK, was ranked third.

Ford's strength lay mainly in the light commercials sector — the Spanish-built Fiesta van, the Halewood-built Escort van and the Transit, produced at Southampton and Ghent.

The Transit strengthened its position as the best-selling commercial vehicle in Europe with 122,900 sales.

In the market for medium and heavy trucks (above 3.5 tonnes gross) Ford ranked only fourth, behind Daimler Benz, Iveco and RVI, with a 7.3 per cent share of the market. Ford intends to build on this share with the launch of the new truck — code-named Delta — later this month.

NEI loses contracts for Romanian power stations

BY MAURICE SAMUELSON

NORTHERN ENGINEERING Industries said yesterday that it was "keenly disappointed" by its failure to win contracts for two nuclear power stations being built by Romania.

The $320m (£139m) order went to an Italian-American consortium headed by a subsidiary of Italy's State-owned IRI-Finmeccanica.

The Italian company's share is put at $180m and that of General Electric, the U.S. partner, at $140m. Further Romanian orders are likely to top $1bn, which the consortium seems well placed to win.

There were also French, West German and Swiss bidders for the contract.

NEI had been talking to the Romanians for the past 18 months about supplying the turbo-generators and ancillary packages of plant. Although it placed firm bids, it realised toward the end of last year that it was unlikely to be successful.

NEI has boasted a powerful combination of boilermaking and electrical engineering capabilities since its formation four years ago by a merger of Clarke Chapman and Reyrolle Parsons.

It has not yet supplied an entire nuclear plant to an overseas customer, and had been keen to win at least part of the Romanian business to underline its international competitiveness in the energy field.

The chances of success had appeared strengthened by Romania's choice of Candu technology, developed in Canada. NEI supplied the turbine-generators for the Candu system, which so far has been built only in Canada.

Meanwhile NEI is making a bid for an oil-fired power station in the Sudan, and its Parsons subsidiary has supplied turbines for power stations in Korea, India and Australia. In the UK it is engaged on work for the latest advanced gas-cooled nuclear reactors.

Scottish agency to sell stake in Lemac

By Ray Perman, Scottish Correspondent

THE SCOTTISH Development Agency is negotiating the sale of a major stake in Lothian Electric Machines (Lemac), one of its biggest loss-making holdings.

Mr. Hugh Jack, the agency's industrial director, said yesterday he was discussing a takeover by a large company with a product range compatible with that of Lemac, which makes electric motors.

He declined to name the company until negotiations were completed, or say whether the agency intended to sell all its 100 per cent holding or retain a minority stake.

Lemac, bought five years ago from the U.S. Ranco Motors group, was the agency's first industrial acquisition. So far £1.8m has been invested in it.

The company was initially profitable but was hit by the slump in demand for white goods—washing machines and refrigerators—particularly the closure of Prestcold's Scottish factories, its largest customer. Lemac lost £625,000 before tax last year.

One of its two East Lothian factories has been closed and the workforce halved.

Mr. Ian McCallum, Lemac's managing director, said the company was trying to move out of the white goods market and is developing motors for uses such as machine tools, forklift trucks and air-conditioning equipment.

Mr. John Home Robertson, Labour MP for Berwick and East Lothian, called for an inquiry into the proposed sale. If the prospective purchaser was a foreign company there would no longer be a British manufacturer to provide motors for UK domestic appliance manufacturers.

Water rate rises cut by 6%

Government revisions produce most savings, says Robin Pauley

THE AVERAGE increase in water charges in England in 1981-82 has been reduced from a planned 19.4 per cent to 13.3 per cent as a result of a study of individual water authority budgets by independent accountants.

Most reductions result from changes in Government calculation and procedure rather than the discovery of large-scale authority profligacy and wasteful spending.

Mrs. Thatcher asked Coopers and Lybrand, Arthur Andersen and Price Waterhouse to study the spending plans of the nine water authorities when it seemed likely charges would increase by 14 to 28 per cent.

Rising water charges have recently become an important political issue for the Conservatives. The subject attracted one of the largest batches of motions at the last party conference.

For the first time, water was allocated a debate of its own at the conference, where feelings ran high about both the method of calculating charges without meters and about the composition of the authorities.

The reduction in the amount to be collected from water rates during 1981-82 will be £86m less than the planned figure of £1.87bn.

Of this, only £17m is to come off the budgets for operating costs. This is 1.7 per cent of the planned total of about £1bn. Part of this is caused by reducing balances and revising inflation assumptions. Actual budget spending cuts identified are small and well within the normal tolerance of budget calculations.

This result has pleased the water authorities and the National Water Council most. The identification of such a small saving on budgets kills, they feel, any idea that the water authorities spent money "like water."

The largest part of the saving is £27m. This is the result of the Government revising its estimate of the rate of inflation for the next financial year and its effect on new capital construction costs.

The Government also decided to re-allocate to other authorities some borrowing facilities which were under used in 1980-1981, enabling them to lower rate demands. This accounts for about £17m of the saving. The external financing limit of £424m for 1981-82 remains unaltered.

Finally, the water authorities will defer 3 per cent of the capital investment programme, saving £25m and leaving a total investment programme of about £725m.

The reductions and Government changes of figures in the accounting formulae mean the increases in the main charges will be 10 per cent to 16.5 per cent.

The largest reduction will be in North-West, where the original rise of 29 per cent is reduced to 16.5 per cent. The smallest change is in Thames, down from 14 to 12.5 per cent.

The water authorities warned the Government last October that domestic water charges were likely to rise by up to about 30 per cent, partly because of new Government rules and the introduction of current cost accounting.

Under the current cost accounting rules, authorities were required to revalue assets at the cost of replacement at current prices and include amounts in their budgets for these costs. This put 5 to 10 per cent on some bills, say the authorities.

The revision of asset life enabled the North-West Water Authority to lower its depreciation estimates by £10m. The Government has not moved its overall target for a 1.3 per cent return on revalued net assets, but some variation has been allowed in the targets for three authorities.

A significant change in the current cost accounting framework came with the Government's change of the price base for revaluing assets. This was moved from 140 per cent of 1978 prices to 138.3 per cent.

That changed the depreciation figure for the nine authorities by £31m—an accounting change not mentioned in the parliamentary answer on the findings of the accountants given by Mr. Michael Heseltine, Environment Secretary.

This does not change the target rate of return, but affects the money associated with the target rate producing a £12m reduction on the profit figure for target.

An additional saving of £14m is the result of the Government reducing the target for the current financial year. A revision in 1981-82 targets for some authorities produces a net saving of £1m and a reduction of the general reserve saves another £1m.

Why Soho is not with the Woolwich

THE WOOLWICH, one of Britain's biggest building societies, has been refused permission to open a branch office in London's red-light Soho district.

The decision has stunned the local residents' association.

A sex shop owner might pay a higher rent, but a sex shop would not be acceptable to the owners of the premises in Old Compton Street.

Westminster City Council planners refused the application. They say they are determined to retain shops in the area rather than replace them with offices.

The policy favours sex shops, but not banks, post offices, building societies, public libraries and job centres, which the council classifies as offices.

Mr. Tom Whipham, the council planning chairman, said the council had no control over what type of merchandise a building classified as a shop sells.

"Soho is a shopping area and we are determined to keep it as such," he said. "If we changed the use of a shop to an office for the Woolwich we could be inundated with similar applications."

Mr. Brian Burrough, vice-chairman of the Soho Society, which has been trying for years to clean up the area, said: "By taking this decision the council has shown itself to be rigid and inflexible in relation to its town planning grounds.

"It is a crazy situation when one can pop out to buy a sex aid but it is quite a problem trying to buy a stamp, cash a cheque or borrow a library book."

A branch of a building society was a part of most High Street scenes, he said. Allowing the Woolwich in would have been evidence that ordinary people were still prepared to come into Soho despite high rates and rents which were driving out ordinary shops and businesses.

Duke says recession may prompt retraining

THE DUKE of Edinburgh said yesterday that the recession "may provide the stimulus" necessary for everybody to re-think the whole question of training people for work.

He called for wide-ranging changes in attitude towards work, and vocational training—and made a passing swipe at legislation which he said discouraged, rather than encouraged, employment.

In a speech in Glasgow he said no single group of people was to blame for the recession.

Opening a careers exhibition, the Duke said: "Depending on your point of view, it's very easy to blame the Government or unions or the previous Government, or employers, or banks, or the gnomes of Zurich.

"The truth is there is a whole list of factors which affect the opportunity for earning a proseprous living," he said, including personal attitudes—particularly to school, training courses, and apprenticeships.

"If it is considered smart to avoid doing any work at school, even those with a capacity to learn can be discouraged.

"The fact is that lack of achievement is a handicap, and any work is respectable. The value of an individual is not measured by his educational qualifications or the way he earns a living. People are judged by qualities of character and behaviour, honesty, integrity, consideration for others.

The Duke said the only people who could provide wealth-creating jobs were employers.

"If you come to think of it, there is really no obligation on anyone to employ other people. Indeed it could be argued there is more legislation having the effect of discouraging the employment of people, compared with legislation designed to encourage employment."

Rational price policy 'could ease increase rate for crude oil'

BY RAY DAFTER, ENERGY EDITOR

CRUDE OIL prices could rise at a steady rate of 5 per cent a year in real terms over the next decade if oil producers adopt a "rational" pricing policy, according to the Economist Intelligence Unit.

A new report from the Unit says it is likely that prices would level off in the 1990s as major energy consuming countries switched from oil to other fuels.

Given such oil price movements it was possible to see worldwide industrial activity increasing substantially over the next few years. The annual rates of increase in the gross domestic product of industrialised countries could be: 2.5-3 per cent between 1980 and 1983; 3.5 per cent in the period 1983-87; 3.5-3.75 per cent between 1987 and 1990; and between 3.5 and 4 per cent for the remainder of the century.

In its report "Rising Oil Prices and World Economic Output" by Geoffrey Bartlett (EIU Special Report No. 94 — the Economist Intelligence Unit sounds two particular warnings. If oil producers acted "irrationally" and drove up their prices sharply — as was the case in 1973/74 adn 1979-80 —it was inconceivable that industrialised countries could maintain an average GDP growth of 3.5 per cent a year. Secondly oil prices could rise much faster than 5 per cent annually if industrialised countries failed to develop their use of coal, nuclear power and synthetic fuel, and failed to improve overall energy efficiency and conservation.

The report points out that the economies of eWstern countries are extremely sensitive to the oil price. Big price increases had a "severe and prolonged impact on the industrial structure." They also restricted productivity.

Conoco Inc., a U.S.-based energy group, says in another new report that oil-importing nations will continue to be vulnerable to supply interruptions from politically unstable areas throughout the 1980s in spite of some decrease in the West's dependence on OPEC.

Non-communist world oil consumption was expected to rise to 52.3m barrels a day in 1990 —only 900,000 b/d above 1978 demand. On the other hand oil supplies to non-communist countries from non-OPEC producers were expected to jump from 21.2m b/d to 28.7m b/d during the same period.

Conoco says that the level of OPEC production required to satisfy world demand could decline by 6m b/d during the coming decade to less than 24m b/d by 1990. However, political conditions in the Middle East were likely to remain somewhat unstable and, as a result, supply interruptions could eliminate excess producing capacity.

The company predicts that energy consumption in non-communist countries will grow at an annual rate of 2.1 per cent between 1978 and 1990, against 5.3 per cent between 1960 and 1973. Oil's share in the West's energy mix was expected to decline from 55 per cent in 1978 to 43 per cent in 1990. Coal would account for 22 per cent of requirements in 1990 (against 17 per cent in 1978); the share of natural gas would remain constant at 19 per cent; and nuclear power's share would grow to 8 per cent compared with 3 per cent in 1978.

Birthday plea to this week's 23-year-olds

MORE THAN 16,000 young people who celebrate their 23rd birthday this week (March 3-9) are being sought by the National Children's Bureau.

The bureau has been following the development of this age group since birth, as part of a National Child Development Study. It was last in touch with them at the age of 16.

Now the bureau wants to interview them about the last seven years and their plans for the future.

Mr. Peter Shepherd, of the study, said that keeping in touch with the group, at a highly mobile time of their lives, was difficult. He appealed to anyone who is 23-year old this week to contact the bureau, at 8, Wakley Street, London EC1.

Chataway is appointed chairman of LBC radio

BY LISA WOOD

MR. CHRISTOPHER CHATAWAY, a former Tory Minister of Posts and Telecommunications, has been appointed chairman of London Broadcasting Company, the independent radio station.

Sir Geoffrey Cox, the present chairman, retires at the end of this month. LBC is the only all-news radio station in Europe and is responsible for Independent Radio News which supplies the Independent Radio system with national and international news.

Mr. Chataway, managing director of Orion Bank, was to have been chairman of the Pearson Longman-backed AM Television, an unsuccessful contender for the breakfast television franchise awarded recently by the Independent Broadcasting Authority, to TV-AM.

As Minister of Posts and Telecomunications in 1972 Mr. Chataway conceived and carried through Parliament the idea of an all-news station in London. LBC, the first independent radio station to go on the air in 1973, is listened to by about 30 per cent of London adults according to the latest independent research by JICRAR.

LBC made an after tax profit of £1.28m for the year ended September 30 and in its report to shareholders yesterday the Board recommended the company should pay a dividend, the first since it went on air.

Results, Companies Page

Stock Exchange turnover rises to £16.4bn in February

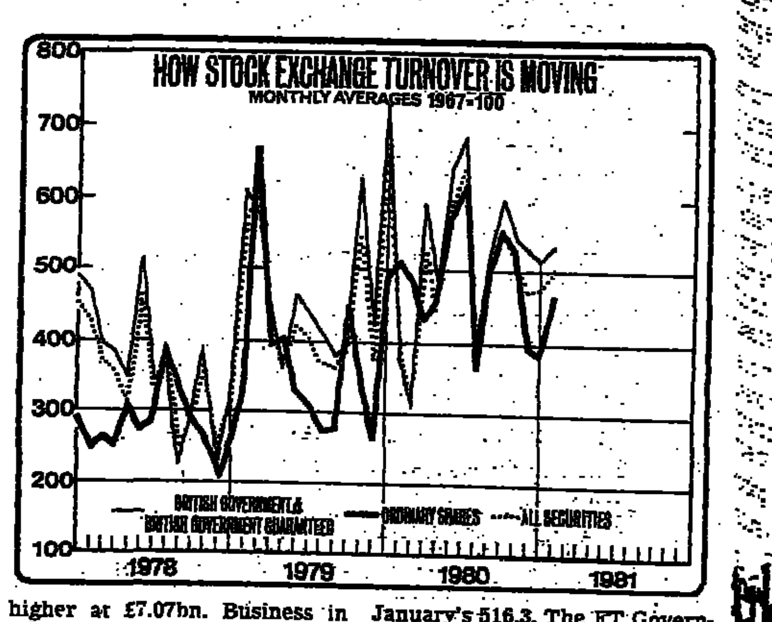
BY NIGEL SPALL

BUSINESS IN stock markets expanded last month as hopes of a cut in Minimum Lending Rate persisted. There was one less trading day than January.

Turnover rose to £16.4bn compared with January's £15.5bn and the FT Turnover index for All Securities advanced from 475.1 to 503.6.

The average daily value of equity business picked up from January's £102.0m to £131.1m and the number of equity bargains increased by 47,057 to 350,605. The FT Turnover index for ordinary shares rose to 467.9 compared with 382.1.

Equity prices closed on a firm note, having brushed aside the nasty shock of ICI's dividend cut and depressing second-half results. The FT Industrial Ordinary index improved steadily and ended at 506.6, a net rise of 40.3 points on the month and its highest level since November 24.



Trading in gilt-edged securities also increased by £0.45bn to £12.64bn. Turnover in short-dated securities was £0.69bn higher at £7.07bn. Business in other fixed interest stocks was £0.25bn lower at £5.57bn.

The number of gilt-edged bargains increased by 14,369 to 95,914, while the FT Turnover index for British Government Securities rose to 535.0 from January's 516.3. The FT Government Securities index moved narrowly, easing from 69.21 at the end of January to 69.12.

The FT Gold Mines index gained 44.3 points to 337.5, in spite of a further $16 fall in the price of bullion.

Category	Value of all purchases & sales, £m	Total %	Number of bargains	Total %	Average value per day £m	Average value per bargain £	Average number of bargains per day
British Govt. and British Govt. Guaranteed							
Short-dated (having five years or less to run)	7,071.1	43.0	30,905	6.4	353.6	228,801	1,545
Others	5,569.0	33.9	65,009	13.4	278.4	85,665	3,251
Irish Government							
Short-dated (having five years or less to run)	382.6	2.3	2,453	0.5	19.1	155,957	123
Others	251.0	1.5	3,583	0.7	12.6	70,061	179
UK Local Authority	383.7	2.4	4,703	1.0	19.2	81,586	235
Overseas Government Provincial and Municipal	22.7	0.1	1,086	0.2	1.1	20,890	54
Fixed Interest Stock Preference and Preferred Ordinary Shares	131.0	0.8	25,504	5.3	6.6	5,138	1,275
Ordinary Shares	2,622.1	16.0	350,605	72.5	131.1	7,479	17,530
TOTAL	16,433.2	100.0	483,848	100.0	*821.7	33,964	24,192

* Average of all securities

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Butler rejects DeLorean plea over debt repayment

BY OUR BELFAST CORRESPONDENT

MR. ADAM BUTLER, Industry Minister in Northern Ireland, has turned down a proposal from DeLorean, the Belfast sports car company, that the Government should forgo debt repayment and royalties on its £70m aid for four years.

Mr. John DeLorean, the chairman, who yesterday unveiled his sports car at the Geneva Motor Show, suggested in a letter to Mr. Butler that in return for agreement on these points he would operate on a non-profit basis over the four years.

The objective was to lower the car's price on the U.S. market, increasing sales and employment.

The Northern Ireland Commerce Department said yesterday that Mr. Butler had replied that the issue of further financial assistance was closed.

Loans

Mr. Butler referred to his Commons statement of February 12, in which he said the Government had provided a guarantee to enable DeLorean to secure short-term loans from two banks.

In that statement, he said he had a written understanding from Mr. DeLorean that the Government had no further financial obligation.

Mr. DeLorean in his proposal, argued that loan and royalty payments were higher than the company could reasonably have expected under its original 1978 agreement. It added some $2,500 (£1,146) to the car's retail price.

A price-sensitivity study showed "this price effect will reduce DeLorean motor car sales volume by 5,000 units."

Mr. DeLorean is still committed to creating 2,000 jobs, but he said, if the debt restructuring proposals were accepted, a further 400 employees would be recruited.

Range

Mr. DeLorean is determined that the saloon car porject should go ahead as soon as possible. He sees the company as a producer of a range of up-market speciality cars, "a kind of Irish BMW."

DeLorean has two of its sports cars at Geneva, mainly to attract potential European dealers. The Continental launch for the sports car is scheduled for early 1982. The stainless steel vehicle should become available in Britain at the same time.

DeLorean is spending only $5m on promotion and launch costs in the first first year, mainlv because Mr. DeLorean is so well known in the U.S.

One recent estimate by the New York Times was that so far DeLorean has attracted $40m of free publicity in the U.S.

Mr. Daly said that when the Belfast plant is operating at full capacity next year it will be buying 54 per cent of sports car components from the UK, 30 per cent from France (Renault is supplying the engine and gearbox) and 10 per cent from the U.S.

Ken Gooding writes from Geneva: DeLorean intends to raise a further $80m by a public issue of shares in the U.S. to cover the cost of developing and introducing a saloon car to the output at Belfast.

Mr. Joe Daly, finance director, said the issue would probably take place in June or July to coincide with the publicity surrounding the launch of the DMC sports car in the U.S.

Options

DeLorean's Board still has to decide on the specification of the saloon, although various options have been under consideration.

Mr. Daly estimated that the company has about 30 days to harden its plans if the share issue is to go ahead this summer.

The fact that British Government money was invested in DeLorean did not present any difficulties to raising more private capital in the U.S.

Suburban stations reprieved from cuts

By Lynton McLain, Transport Correspondent

PRESSURE from the Greater London Council has forced British Rail to abandon some of its plans for closing 11 stations in London and the South East earlier in the evening and on Sundays.

The proposed cuts were announced by British Rail in November.

Talks between the council and BR concentrated on keeping open stations where "no adequate alternative existed within half a mile to three-quarters of a mile."

As a result, the plans to close Anerley and Lee stations at 7.30 pm have been abandoned. The stations will stay open until 10 pm on weekdays.

Stations at Lee, Bickley, Shortlands, Anerley, Eltham Park, Lower Sydenham, New Beckenham, Elmstead Woods and West Dulwich, which BR wanted to close at 7.30 pm on Saturdays, will stay open until 10 pm.

The stations at Albany Park, Elmstead Woods, Lower Sydenham, New Beckenham, West Dulwich, Shortlands and Westcome Park, Lee and Bickley! which BR wanted to close completed on Sundays, will be kept open.

Roger Taylor

Mrs. Sally Oppenheim, Consumer Affairs Minister, watches a potter at th eopening of Harrods "Hoist The Flag" promotion for British designers and manufacturers.

North ahead in race for Datsun plant

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE NORTH of England has stolen a march on competitors hoping to win the £300m Datsun car plant which the Japanese manufacturer is considering setting up in Britain.

Dr. John Bridge, head of industrial promotion for the North of England Development Council, has already met the project team appointed by Nissan to decide on the site for the plant.

He presented them, in Tokyo, with a list of 11 sites which are being forwarded to the Invest in Britain Bureau, the arm of the Department of Industry in London. The IBB is co-ordinating all the British applications before sending on the most suitable to Nissan.

The 11 sites include Sunderland airport, on Wearside, which is thought to have a good chance of meeting the criteria set down by the Japanese. The council refused to be drawn on where the sites actually are but it is known that two are in Durham, one in Northumberland, two in Cumbria and five in Cleveland.

Dr. Bridge told the Japanese that Newcastle University's large language department was prepared to assist company executives and families wanting to learn English.

Torpedo decision expected in summer

By Michael Donne, Defence Correspondent

A DECISION on a new heavyweight torpedo, expected to cost more than £500m, is expected to be taken by the Defence Ministry this summer.

A tough competition for the order has developed between Marconi Space and Defence Systems of the UK, which is already building the Stingray lightweight torpedo, and Gould Inc., of Cleveland, Ohio, U.S., whose Ocean Systems Division has been building the Mark 48 heavyweight torpedo for some years.

Suggestions that the U.S. company, in an effort to win the contract, was offering up to £450m in offset deals to UK companies in both torpedo and aerospace work could not be confirmed yesterday.

The question of offset work to compensate the UK for buying a U.S. weapon system would be discussed in detail only if the U.S. were to win the order. Whitehall has indicated that this is not likely to be known for several months at least.

Any offset work that might accrue in return for buying the U.S. weapon system, would in turn be offset by the number of jobs the UK weapon would provide directly in this country.

PACCAR paid more than £18m for Fodens assets

BY ANDREW FISHER

THE PRICE paid by PACCAR of the U.S. for the bulk of the assets of Fodens, the lorry company which collapsed last year, was revealed yesterday to be more than £18m.

The figure was given by Mr. Roy Adkins, joint liquidator, at a shareholders' meeting to vote that the company be wound up. He also said that trade creditors came to £14m and claims by employees to £4m, though many were subject to agreement.

PACCAR bought the assets from receivership in October and the UK trading name was now Sandbach Engineering Company.

To clear the way for possible application by PACCAR to use the Fodens name itself, shareholders also voted to change the name of the UK company going into liquidation to Denfo (Realisations) and anagram of the name Foden.

Several small shareholders voted against the name change and the winding-up proposal, but proxies had already been received from nearly 96 per cent of shareholders in favour of the motions.

Fodens' latest figures show that it made a pre-tax loss of over £3.1m in the financial year to March 31, 1980, compared with a loss of £562,000 the previous year.

The latest statement of affairs shows an estimated overall deficiency of £10.87m, although the expected final figure is put much higher at £23.69m.

Owen attacks both Labour and Tories over Trident

BY IVOR OWEN

IN HIS FIRST speech in the Commons last night as the titular leader of the new Social Democrats, Dr. David Owen challenged the Government's decision to order the Trident missiles system as a replacement for the existing Polarise submarine fleet.

But he emphasised that in voting against the Government at the end of the debate he would be doing so on totally different grounds to those unilateralist nuclear disarmers on the official Opposition benches.

Dr. Owen forcefully called on Mr. Michael Foot, Opposition leader—not in the chamber at the time—to spell out in clear terms whether the Parliamentary Labour Party held to its earlier commitment to NATO with its reliance on the nuclear deterrent.

He clashed with Mr. Frank Allaun (Lab, Salford East), a leading Left-wing member of Labour's NEC, when he condemned the "mush and hush" indulged in by the unilateralists.

Mr. Allaun told him: "You won't get votes like that."

Dr. Owen retorted: "You ought to remember sometimes that you don't always go out for votes."

Waiving aside the mocking laughter of some of his former colleagues on the Labour benches, Dr. Owen maintained that the defence of Britain was one of the issues which could not be debated in terms of whether a particular policy was a vote winner or not.

He illustrated the drift to the Left which has led to his departure from the Labour Party by referring to a motion tabled by supporters of the Tribune Group.

He commented: "I never thought I would live to see the day when what I call a Tribunite motion was the policy of the Labour Party."

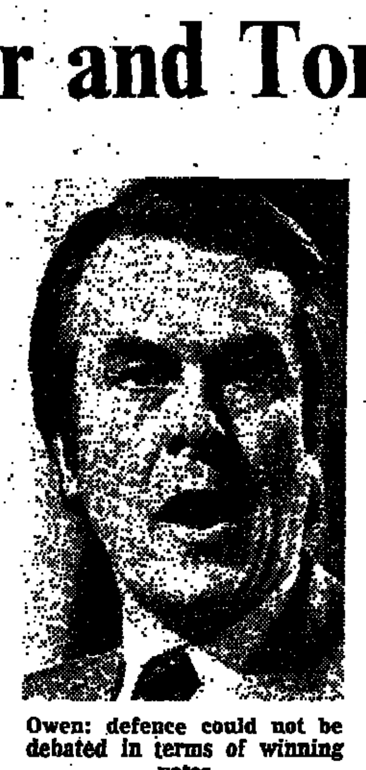
Dr. Owen described the Government decision to secure the Trident missile system—at an estimated cost of £5bn over 50 years—as premature.

While admitting that it was not a "black and white choice," he argued that the Government should examine all the available options with far greater care than had been shown so far.

Dr. Owen questioned whether it would be possible for the life of the Polaris fleet to be prolonged for a longer period than had so far been envisaged and also urged the Government on whether Cruise missiles could not be used as a deterrent if fitted to a suitable launching device.

He contended that the Government's decision to order Trident had far more to do with the personal views of the Prime Minister than with a careful calculation of Britain's defence needs.

Mrs. Thatcher, he said, constantly projected herself as the Iron Lady always ready to make the tough decisions and it was against this background that the order for Trident had been placed.



Owen: defence could not be debated in terms of winning votes

Mr. John Nott, Defence Secretary, who opened the debate, argued that economic considerations could not justify a reversal of the Government's decision to secure the Trident missile system as a replacement for Polaris.

He heavily underlined this view when questioned by Mr. Jock Bruce-Gardyne (C., Knutsford). At what point, asked Mr. Bruce-Gardyne, would it be possible to revise the decision to acquire Trident without incurring very substantial costs?

Mr. Nott retorted: "The decision has already been taken. I really do not see any point in speculating about windows which open up in the future for changing our minds.

"This is a decision by the Government and I see no reason to speculate about the opportunities for making a change of course."

Mr. Nott confirmed that over the 15-year spend of the investment Trident was likely to average some 3 per cent of the total defence budget, rising to perhaps 5 per cent at peak.

"Substantial figures, but neither unprecedented nor unmanageable," he insisted.

The Defence Secretary again asserted that Britain was not faced with "apocalyptic choices" between major defence roles, and re-affirmed that resource choices at the present time — before the costs of Trident really commenced at all — might, nevertheless, compel some hard decisions on adjustments to present programmes.

The removal of £5bn out of a total 15 year equipment programme of £80-£90bn would not remove the resource problem, he said.

"But it would certainly remove a central feature of our post-war deterrent capability—and with respect to the doubters—I do not think that this should be done on the grounds of cost."

Mr. Nott warned that it would be a "very chancy gamble to rely on the existing Polaris force beyond the first half of the 1990s.

With the Prime Minister nodding in agreement, he declared: "If we take our deterrent contribution seriously, and still more if we want our potential adversary to take it seriously, we cannot take that gamble.

"We must face up to the issue of modernisation."

Mr. Enoch Powell, (Ulster Unionist, South Down) a former Conservative Cabinet Minister, strongly criticised Mrs. Thatcher's statement to the House on Monday on her return from America.

He said that MPs., listening to her statement had heard the authentic terminology of the American view of the world. This view divided the world into monoliths—"the goodies and the baddies," the East and the West, the free and the enslaved.

"It is a nightmarish distortion," he said.

"To call it a distortion of reality is too complimentary. It is a view of the world that this country cannot possibly share or can only share at its greatest peril."

Thatcher reaffirms cash limits for public sector pay

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Prime Minister took a tough line over the civil servants' pay claim in the Commons yesterday and also expressed sympathy for a suggestion that there should be legislation to crack down on over-spending by local authorities.

Mr. John Watson (C., Skipton) asked her to reaffirm the Government's commitment to cash limits in public sector pay in the light of the teachers' 7½ per cent pay settlement on Monday.

He asked: "Isn't it the case that the 7 per cent now on offer to the Civil Service would itself add £315m to the Government's own pay bill?"

Mrs. Thatcher told him: "Yes, I confirm that the cash limits already announced will be adhered to."

She also confirmed that the figure of £315m was about correct and went on: "I hope that the Civil Service members who have announced action—some to go on strike next week—will have regard to the views or ordinary people, many of whom would resent it very much if those with very good and secure jobs attempt to strike for even more pay."

Mr. William Shelton (C., Streatham), drew her attention to the "hard pressed" ratepayers of boroughs such as Lambeth and Camden.

"The time may have to come when the Government will have to consider legislation to curb such boroughs," he suggested.

Mrs. Thatcher assured Mr. Shelton that the Government would certainly consider what he had said. She thought it was clear from the latest figures that the most extravagant boroughs were those held by Labour councils.

White Paper emphasises independence for elderly

BY ERIC SHORT

THE MAIN aim of policies for the elderly was to enable them as far as possible to live independent lives in their own homes, the Government said yesterday in publishing the first comprehensive review of issues affecting the elderly in its White Paper* Growing Older.

The paper highlights the growing importance of the elderly in the community. Over the past 20 years, the number of people aged 65 and over had risen by one-third to about 15 per cent of the population. Three quarters of those 85 and over were women, often widowed and living alone.

The paper emphasises that a lot of public money is already devoted to the elderly. Retirement and supplementary pensions now cost over £11bn a year, 17 per cent of all public spending and over 5 per cent of Gross National Product.

This is only part of the cost of looking after the elderly. Other care and support programmes, such as special housing, add to the cost and the paper estimates that support and services to the elderly accounted for more than a third of total spending on the main UK social programmes.

Saying that the elderly need enough income to provide a reasonable standard of living, the Government reaffirms its intention to protect State pensions against price inflation as a minimum standard.

Discussing the needs for special housing for the elderly, the paper says nearly 60 per cent of the public sector building programme was aimed at elderly and disabled people.

At present only 6 per cent of those approaching retirement receive any formal preparation for it. The paper reminds employers and trade unions of their special responsibilities in this area.

The paper emphasises the need for support and care for the elderly especially when their faculties start to decline or when certain disabilities developed, and urges the development of community support schemes

But the Paper makes few specific recommendations for changes in policy, other than encouraging and extending the existing organisations.

Age Concern condemned the White Paper as describing the current situation but offering no coherent policy for much needed immediate improvement.

—* Growing Older." Cmnd 8173 SO. £4.20

Naturalisation applications rise

THE NUMBER of applications for naturalisation soared in January, according to Home Office figures released today.

In a Commons written reply, Mr. Timothy Raison, Home Office Minister of State, said that 962 people applied for naturalisation in January, an increase of more than 300 on any of the previous 23 months for which figures were supplied.

Phone tap procedures 'work well'

By Jason Crisp

A GOVERNMENT inquiry into telephone tapping published yesterday concludes that existing procedures are working satisfactorily and "with the minimum interference with the individual's rights of privacy in the interests of the public weal."

The inquiry by Lord Diplock, chairman of the Security Commission, was set up last June. Several allegations had been made of widespread abuse of telephone tapping by the police and security authorities.

But a number of organisations strongly criticised the report yesterday, describing it as superficial

Mr. John Gorst, Tory MP for Barnet, Hendon North, who has supported a Labour amendment to the British Telecommunications Bill on telephone tapping, said: 'Far from reassuring public opinion, it underlines the need for a law on telephone tapping and proper parliamentary accountability."

Lord Diplock examined at random some cases of telephone tapping, which he said satisfied him "that the interception of communications, particularly telephone conversations, remains an effective, indeed essential weapon

He concluded: "The information provided by the applicant authorities to the Home Office or Scottish Office in support of the issue of a warrant was stated with accuracy and candour."

Selsdon Group hits at 'failures'

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE GOVERNMENT was yesterday given a damning half-term report by the Selsdon Group. The Tory ginger group, which was once one of Mrs. Thatcher's most enthusiastic supporters, claimed that the Government's economic strategy had suffered "as sharp a reversal as Mr. Heath's in 1972."

In a pamphlet, pointedly entitled Points for Taking: Memo to a Spendthrift Government, the group argues that the Government has failed "to a serious and disappointing extent in virtually all the economic objectives it set itself before the election."

As Mrs. Thatcher's administration entered its third year, it would not be unreasonble, it claims, "if her supporters begin to despair of the economic measures ever being taken that by all accounts she still understands and feels to be necessary."

The pamphlet maintains that the Government's failure "is measured by an increase in total Government expenditure, an increase in the real burden of taxation, and a public sector borrowing requirement that far exceeds a safe or desirable level."

Because of these factors, it claims, there is a danger of a rise in inflation which would be "catastrophic politically for the Conservatives." The only comfort the Selsdon Group finds in all this is that "monetarism" cannot be held responsible for the recession and today's levels of unemployment.

The only difference between the way this Government has been forced to change its policies, and the way Mr. Heath was forced to do a U-turn, the paper argues, is that Mr. Heath "approved and defended his reversal, whereas Mrs. Thatcher is clearly unhappy and concerned that it should have happened." The Group believes that she at least has retained her original objectives, but says the question is whether there is still time during this administration to effect the changes necessary.

Looking forward to next week's Budget, the group says the Chancellor's main duty must be to reduce the PSBR, by either higher taxation or reduced spending.

Parliamentary business today

Commons — Fisheries Bill, remaining stages. Motion on the International Development Association (Sixth Replenishment: Interim Payment) Order.

Lords—Debate on Opposition motion on the unacceptable level of regional unemployment. Interpretation of Legislation Bill, second reading. Debate on the accountability of police authorities and Chief Constables.

Select Committees—Education, Science and Arts. Subject: Public and Private funding of the arts. Witnesses: Musicians' Union; British Actors Equity Association; Association of Cinematograph and Television Technicians. (Room 6, 10.30 am). Foreign Affairs. Subject: Arms sales: Foreign Policy aspects. Witnesses: Mr. Douglas Hurd, Foreign Office Minister of State and Foreign Office officials. (Room 15, 10.30 am.) Scottish Affairs. Subject: Financial consequences of proposed closure of Callendar Park and Hamilton Colleges of Education. Witnesses: Hamilton and Callendar Colleges of Education: Mr. Alex Fletcher, Scottish Under Secretary. Welsh Affairs. Subject: Broadcasting in the Welsh language and the implications for Welsh and non-Welsh speaking viewers and listeners. Witnesses: Home Office and Welsh Office officials. (Room 18, 10.30 am and 4 pm.) Public Accounts. Subject: Measuring the effectiveness of Regional Incentives. Witnesses: Sir Peter Carey, Industry Department Permanent Secretary. (Room 16, 4 pm.) Industry and Trade. Subject: Finance for British Leyland. Witness: Sir Michael Edwardes. (Room 5, 4.15 pm.) Employment. Subject: The work of the Department of Employment Group. Witnesses: The construction, the distribution, the engineering and the Road Transport industrial training boards. (Room 8, 4.30 pm.) European Legislation. Subject: Reflections on the CAP. Witness: Mr. Peter Walker, Minister of Agriculture. (Room 15, 4.30 pm.) Social Services. Subject: Medical Education. Witnesses: Sir Douglas Black, President of the Royal College of Physicians; Sir George Godber, former Chief Medical Officer DHSS and Sir John Brotherston, President, Faculty of Community Medicine. (Room 21, 4.30 pm.)

Transport body plan rebutted

By Lynton McLain, Transport Correspondent

A PASSENGER Transport Executive to embrace London Transport, British Rail and local bus services would lead to "indecision and confusion" and should be rejected as a solution to the capital's transport problems, Sir Peter Parker, the chairman of British Rail, told a committee of MPs yesterday.

It would be better, he said, to ensure that the operators of public transport worked more effectively together. Talks had already started between British Rail and London Transport on ticket systems for use by both networks, on ways of improving interchanges and on collaboration for information.

Sir Peter said the Executive approach had been a success elsewhere, "but to project it on to the scale of the London problem is too complicated politically."

He told the MPs in the House of Commons Transport Select Committee, which is investigating transport in London, that attempts to combine the roles of London Transport and British Rail with 12 authorities would result in "a political circus."

British Rail wanted £1bn new investment in commuter services in London and the South-east over the next decade. Half of this would generate new passenger traffic and would increase revenue. But the other half would lead to BR making demands on the Government for more financial support.

Atkins firm on Ulster prisoners

THE GOVERNMENT yesterday repeated that it would not give way, to demands for political status for Republican prisoners in Northern Ireland.

Mr. Humphrey Atkins Secretary for Ulster, told the Commons the Government would not change its position on the issue under pressure of protest, "whatever form this takes and whether it is inside or outside the prisons."

The statement was welcomed by MPs, though some urged Mr. Atkins not to give unnecessary publicity to the IRA. Mr. James Molyneaux (Official Unionist, South Antrim) complained that bulletins were issued daily on terrorist hunger strikers but not on their victims.

Mr. Anthony Fell (C., Yarmouth) said statements gave an importance to "these criminals which they just do not merit."

Mr. John Farr (C., Harborough), said too many statements would give the provisional IRA "credence and publicity." Without this, "they would probably fade into obscurity."

Mr. Atkins explained that he made the statements because he felt it was his duty to keep the House informed of events in Northern Ireland and the Government's actions.

Of the 439 prisoners who had declared their intention of ending their "dirty protest" at the Maze and Armagh Prisons, 240 men had already been moved into clean cells and provided with clean bedding.

Sue Cameron looks at a constituency which once followed its MP away from the Labour Party

Derby North Labour Party plans to stand firm and fight the Left

SOME MEMBERS of the Derby Labour Party can neither forgive nor forget Mr. Jimmy Thomas, the MP who reneged them in 1931, and won the seat away from the Party.

Mr. Thomas was one of only three Labour Cabinet members who agreed to follow Mr. Ramsay MacDonald in setting up a National Government to balance the Budget in 1931.

Mr. MacDonald's plans included a 10 per cent cut in unemployment pay. He admitted that this represented "the negation of everything the Labour Party stands for" — yet he and his supporters believed it was necessary "in the national interest."

Mr. Thomas "used to be something of a local idol," says Mr. Mick Walker a Derby city Labour councillor." But when he decided not to stand as a Labour MP any more, people regarded him as a traitor. He was called "Judas" at public meetings."

The MP for Derby North today is still highly regarded by his constituents because he works hard on their behalf and they believe he cares. But the bearded Mr. Philip Whitehead has no plans to follow in the footsteps of the defector who once held his seat.

Mr. Thomas, former general secretary of the National Union of Railwaymen, was a moderate—as Derby voters were and are still today. When he stood as a National Government candidate he won.

Half a century on, Derby North appears to be a plum ripe for the picking by the new Council for Social Democracy. But Mr. Whitehead and his party are staying put.

Leading members of the constituency party disapprove of some of the decisions taken at the special Labour conference in Wembley at the start of the year. They feel particularly strongly that the big trade unions should not be allowed to use their block votes to determine the leadership of the party.

They dislike the Left-wing militants and they are proud that the number of extremists in Derby North can "probably be counted on the fingers of one hand."

A few weeks ago, Mr. John Beadle, the Labour agent, received a membership application form which bore the message: "Send Benn back to Russia where he belongs and you'll get my support back."

Mr. Beadle reckons there are plenty of others who feel much the same way.

The chances of the Social Democrats scoring a success in Derby North seem to be enhanced by the fact that the seat is a marginal one. At the last election Mr. Whitehead had a majority of only 214 over his Tory opponent.

But the Labour moderates of Derby are conservative in all things and they do not welcome sweeping winds of change from any quarter. They believe they can fight the extreme Left from within and they and their MP are sticking staunchly to the old order — for the present.

"It'll be the Hampstead Garden suburb Fabians who'll be attracted to the Council for Social Democracy," says Mr. Walker. "We in the North don't go in for that kind of aberration."

He is an Association of Scientific, Technical and Managerial Staffs negotiating officer at Rolls Royce—one of the town's two big employers—and he regards himself as being on the Left of the Labour party. But he says even the "handful of Militant Tendency and loony Lefties" in Derby would probably vote to reselect Mr. Whitehead as their Labour MP.

Mr. Geoffrey Summers, vice chairman of the constituency party, thinks Mr. Whitehead would lose few votes to a Social Democratic candidate in an election because he is a moderate. But he adds that if a Social Democrat did stand in Derby North, it would increase the risk of the Conservatives winning the seat.

"If the Social Democrats stood here, they would be doing more to damage the Labour Party than to fight the Tories," he says, adding: "I can't conceive of any other party representing what I stand for — or of the Labour Party changing so much that it didn't represent me."

Such views seem to be shared by other members of the Derby constituency party — not least by Mr. Whitehead.

Some of the leaders of the Council for Social Democracy, such as Mrs. Shirley Williams, are among his close friends and he agrees with much of what Dr. David Owen said in his book, Face the Future.

But Mr. Whitehead reckons the centre ground now supposedly occupied by the Social Democrats is actually shifting sand. What some Social Democrats want, he says, and what they are likely to end up with, is just "kosher capitalism," which may embarrass the socialists among them.

"Look at the Council for Social Democracy's list of 100," he says contemptuously. "There are more vice-chancellors on it than van drivers, and I can't see them turning out to knock on constituency doors on a cold morning."

He detects the beginning of a reaction in the Party against the militant Left, and he supports the Labour Solidarity group started by Roy Hattersley to bring change from within.

"I think the members of the Left will bore their way out of the Party—in both senses of the word," he says. "When I am asked how I can bear to stay in a Labour Party with a National

POLITICAL REALIGNMENT

Executive like the present one, I say that I can stay, because I can, I hope, show 'em off."

Members of his constituency party express the same sympathy towards some of the Social Democrats—and the same loyalty to the Labour Party.

Mr. Peter Reagan, chairman of the Derby North Labour Party, says he can understand the "frustration" the Social Democrats felt when they found they were not being given support by the silent majority for the stand they had taken. But he believes some of the decisions taken at the Wembley conference will ultimately be overturned—probably with the aid of trade union block votes.

"I think that what has happened is forcing others in the party to wake up," he says. "Everything has gone quiet since the Wembley conference and that's because the Left realises it has put people's backs up. I believe the moderates will hit back and if that happens, the Labour Party will emerge stronger than before.

"The only danger now is that the moderates will become lazy again."

Meanwhile, the Derby North Labour Party is happy with Mr. Whitehead, and would clearly like to have him on a short list of one when it comes to select its parliamentary candidate.

In the last election the swing against Labour in Derby North was only 2.9 per cent — compared with swings of 8 or 9 per cent in some neighbouring constituencies. And by the time of the next election boundary changes will have slightly improved his position.

Mr. Whitehead's views appear to be very much in tune with those of his constituency party and probably with those of other local people who are not party members. It is noteworthy that since the victories of the Left at the Wembley conference the Derby North Labour Party has increased its membership by almost 10 per cent.

The people in the pleasant town of Derby—still dominated by the railway, the other major source of jobs, as it was in the days of Mr. Thomas—do not appear deeply concerned over the battle for the Labour Party's soul. They are more interested in the threat of unemployment, in the effect of public spending cuts, in the visit made by the Prince of Wales last Friday.

Yet they do not seem ready to swing away from Labour. Mr. Thomas is reputed to have disarmed angry railmen's accusations that: "You've sold us out, Jimmy" by replying: "Well, I've been trying bloody hard but I'm darned if I can find a buyer." He would probably not get away with such a response today.

But if Mr. Whitehead and like-minded Party colleagues failed to reverse the gains made by the militant Left, if the internal squabbling continued to the exclusion of putting up stiff opposition to the Government, if the Social Democrats won big victories in the country, the picture in Derby North might then be different.

"The interesting question," says Mr. Walker, "is what Philip's situation would be if he were in a constituency where the Party had a lot of loony Lefties in it. I think he'd probably have left—but he won't thank me for saying so."

If Labour did swing further Left, Derby North is an example of a constituency which could yet go over to the Social Democrats.

هكذا من الأجل

Shipyard negotiators reject 5% offer with productivity link

BY JOHN LLOYD, LABOUR CORRESPONDENT

UNIONS representing some 70,000 shipyard workers in British Shipbuilders yesterday rejected a company offer of 5 per cent linked to a productivity and efficiency agreement.

Mr. James Murray, president of the Boilermakers' Society and chairman of the joint union side, said after a five-hour meeting in Newcastle yesterday: "It was an extremely disappointing meeting. If they do not come up with a better response I foresee we could be heading for a clash.

"I am quite certain there will be tremendous resentment in the yards. It seems to me they have very little regard for our members."

Further talks between the two sides have been scheduled for March 23.

Mr. Robert Atkinson, chairman of British Shipbuilders, told the unions the 5 per cent pay increase would have to be paid for by improved productivity. Talks at yard level would begin as soon as agreement on the offer had been achieved at national level.

The rise will not be paid until the productivity improvements have been agreed. If agreement is reached with the yards by the end of April, the increase will operate from the April 1 settlement date. If agreement is not reached, the increase, will take effect only from the agreement date.

The offer would give an increase for skilled workers of £4.60 a week, and for unskilled workers of £3.40 a week. The skilled workers' minimum is now £96 a week.

The unions have already agreed to cut the workforce by 2,600 in the next three weeks. About 1,750 workers have agreed to accept redundancy payments, and the unions are attempting to persuade a further 850 to go by March 23.

The company, which is losing about £2m a week, hopes to save £15m a year by the job cuts.

The unions, which had tabled a demand for a "substantial" increase worth around 20 per cent, argue that most public sector increases agreed so far have been about 10 per cent or more. It was not clear last night whether extra rises would be available if substantial productivity agreements could be achieved.

● William Hall, Shipping correspondent, writes: British Shipbuilders has bought the two drydocks at Southampton which belonged to the British Transport Docks Board (BTDB) for about £500,000. The docks, which are among the biggest in the UK, have been closed since the end of December.

The decision to buy the docks follows the agreement by British Shipbuilders and the trade unions on a near 50 per cent cut in the workforce. By the end of March the numbers employed will be down to 580.

Vosper Shiprepairers, which is part of British Shipbuilders and uses the drydocks, lost £4.3m on a turnover of £11.4m in the year to March 1980 and trading losses in the current year are believed to be running at £2.4m. BTDB claims to be losing over £250,000 a year on the drydocks

Eagle Star to pay 11% now

By Nick Garnett, Labour Staff

THE EAGLE STAR insurance company has conceded full payment of its salary offer, pending arbitration, following industrial action by members of its staff association.

The company had been resisting a staff association demand that the full offer should be paid while arbitration on the claim was carried out.

But during talks at the Advisory, Conciliation and Arbitration Service, the company agreed to pay in full its last offer of 11 per cent from January, followed by a further 3 per cent compounded in July.

The arbitration, will be on that offer — valued at 12.7 per cent over the year — and the staff association's 15 per cent claim.

The company had been seeking to reduce staffing levels by 200 jobs with possible further cuts later in the year.

A joint statement by the company and the staff association says that job losses for the whole of this year will be no more than 250.

Ford stoppage

PRODUCTION of the Ford Escort was halted for the third time in a week at Halewood, North Merseyside. About 3,500 men in the body and assembly plants were sent home on Monday night after a walk-out by six workers

Engineers may use State ballot aid

BY NICK GARNETT, LABOUR STAFF

THE EXECUTIVE of the engineering section of the Amalgamated Union of Engineering Workers seems likely to recommend to its policy-making national committee next month that Government funds should be used for the election of its officials.

Use of funds provided by last year's Employment Act to obtain public aid for balloting is in direct contravention of TUC policy. Such use could result in another damaging division in the TUC.

Mr. Terry Duffy, the AUEW president, said yesterday that provision of ballot money would be on the national committee's agenda.

The AUEW executive has not yet decided what recommendation to make to the national committee on the question. It seems likely, however, that it will recommend its use. Postal balloting for the election of officials costs the union more than £250,000 a year.

The recommendation is virtually certain to be accepted by the national committee, on which the Right-wing has a majority.

The position of the Electrical and Plumbing Trades Union is that it is not against the use of Government funds for ballots, but has not itself applied for them.

The EPTU would probably support a union which was threatened with expulsion from the TUC for taking Government money.

The Certification Officer has had 30 to 40 inquiries about the Employment Act's ballot money provisions, but no applications so far.

The TUC general council has voted by a substantial majority—the Engineers and Electricians dissenting—to tell unions not to take advantage of the Employment Act's provision. But a debate about the appropriate penalties for defiance was avoided at last autumn's Congress.

Under its present constitution, the TUC has no sanction short of suspension or expulsion with which to enforce its decisions. The question has been raised whether an intermediate sanction, like a fine, should be written into the rules.

The AUEW decided yesterday to support the TUC's newly-launched £20,000 assistance fund for Solidarity, the independent Polish trade union. But it has not yet decided how much to donate.

Last year, Mr. Duffy said, the union had independently sent office equipment to Solidarity. One of the Polish union's leaders, Mr. Bogdan Lis, had lunch at the union's headquarters yesterday.

Union tells water workers to end action

BY OUR LABOUR CORRESPONDENT

THE executive council of the largest union in the water industry, the General and Municipal Workers' Union, has urged its 20,000 manual workers in the industry to accept the National Water Council's final offer of 12.3 per cent, and return to work where they are taking unofficial action.

The 200 members of the GMWU and of the National Union of Public Employees in the Northumberland and Tyne division of the Northumbrian Water Authority voted yesterday to return to work, as did the 100 workers at the Newcastle and Gateshead Water Company.

About 75 NUPE members at Wakefield and Gateshead decided to call off their unofficial strikes after taking shop stewards' advice.

However, 34 manual workers in Lincolnshire began a work-to-rule and overtime ban. The Anglian Water Authority said this action would affect overnight repairs on burst water mains.

The only GMWU region to have held a delegate conference so far, the North-East, has voted to reject the offer by a majority of two votes to one.

The first major test of the attitudes of the water workers will come today when the GMWU members in the West Midlands region hold a delegate meeting. The union has 6,000 members in the region, largest in the country.

Mr. Ron Keating, the assistant general secretary of NUPE, said yesterday that he would not bet on the outcome of the voting, which must be completed by March 14.

A number of meetings of individual branches, and of shop stewards' committees in various parts of the country, have either rejected the offer or called for rejection of it at delegate meetings later this week or next.

Other meetings have recommended acceptance, and unofficial action now appears to be largely dying out.

Feelings are likely to run highest in those areas where little overtime is being worked. The council's offer was increased from 10 to 12.3 per cent last week by consolidating a £5 attendance allowance into bonus and overtime earnings, a move which leaves workers on a standard week little better off.

'Raise 6% cash limit' plea by health staff

By Our Labour Staff

UNION LEADERS yesterday called on the Government to ease its 6 per cent cash limits policy on wages for National Health Service workers following the 7.5 per cent deal won by teachers this week.

Mr. Ron Keating, assistant general secretary of the National Union of Public Employees, said health service workers would not be happy with a settlement at the same level. But "it would be compounding the felony if we were forced into 6 per cent when higher settlements are being made elsewhere."

With negotiations due soon in the new pay round for hospital ancillary workers, ambulancemen and nurses, the Confederation of Health Service Employees said the teachers' settlement was a further argument against the 6 per cent level retaining any validity

● Union leaders of hospital electricians who have been banning overtime and working to rule for more than a week over pay yesterday advised their branch officials to start final preparations for all-out strikes in some hospitals.

The Electrical and Plumbing Trades Union, which is fighting to preserve a deal giving pay parity with private sector workers, said it was seeking further talks

Workers face strike call at John Brown

FINANCIAL TIMES REPORTER

WORKERS at John Brown Engineering's gas turbine plant at Clydebank will be urged today to take strike action in an effort to take advantage of the company's recent success when it won £60m worth of new orders.

But yesterday the company—part of the John Brown group of companies—warned that it can neither afford the 900 hourly paid workers' 6 per cent wage demand nor the effects of a protracted strike. The orders would not restore the company's profitability.

The company said the new orders, from Brunei in the Far East, and Oman and Iraq in the Middle East, provided only a breathing space and just permitted them to cancel redundancies planned before the orders were secured.

An 11th hour attempt yesterday by management to avert an all-out strike failed when shop stewards from the company's engine shop rejected an offer of improved overtime payments and the promise of a complete review of wage structures in June.

A meeting of the 450 engine-shop workers will be urged by shop stewards to carry out the strike threat as the seven days' notice expired yesterday.

Last December, the workers accepted a 7 per cent rise in settlement of the annual wage claim. But because of the new orders and a 6 per cent rise paid to more than 30 design engineers, the hourly-paid workers took up the option in their wage agreement, that when prfits picked up, they could re-open pay talks before the annual agreement expired.

In a letter to all employees, Mr. Graham Strachan, managing director, said that the new orders gave a reasonable workload for six to nine months ahead.

However, he added: "In this financial year we shall make a loss after several years of profits."

Mr. Strachan claimed the company had 19 more gas turbines to sell in 1981 and it was borrowing "many, many millions of pounds from the John Brown group and our bankers."

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Bar codes scanned using television

SO FAR, some kind of light pen has been needed to scan across the bar coding on products at sales outlets and other locations, but for bulky and heavy items this can be a problem.

Now, Gresham Lion, has introduced a television camera system which can operate remotely from the products and will recognise low tolerance printed codes. It was originally developed by Unilever for warehousing and production line applications and is now being manufactured and marketed by GL under the name Translog.

Within the frame of the picture "taken" by the camera, the equipment can, by analysis of the scan line data, recognise the bar code on cartons and cases as they pass by the field of view. The data can be passed on to a control unit for actuating conveyor divertors and similar equipment. It is possible to achieve flow line control, production monitoring, stock and inventory control or lane switching for automatic routeing and palletising.

The company claims that the high scanning rate of the TV system ensures high integrity of recognition even under adverse conditions. High reliability is said to result from the use of microprocessors.

With the standard sized bar codes, conveyor speeds in excess of 50 metres/second have been achieved with great success. The company says that the optimum size of item is about that of a standard grocery carton or "outer," although smaller or larger items can be accommodated.

The code is formed by a series of bars and spaces of various widths and an overall size of 3 x 1.5 inches (75 x 40mm). But smaller sizes can be used where the application demands. For cartons the code can be printed on the outer surface toegther with the rest of the case graphics during manufacture.

The tolerances of normal flexographics are more than adequate and conventional brown kraft, mottled or bleached lines all present suitable backgrounds so long as there is good contrast with the ink colour used. Large or dirty items can have labels affixed, while rolling articles such as drums can have a symmetrical roundel code on the end face More on 01-894 5511.

Apathy could destroy this £1bn industry

BY ALAN CANE

THE FUTURE of the UK materials handling industry, currently producing equipment worth over £1bn a year, is in jeopardy.

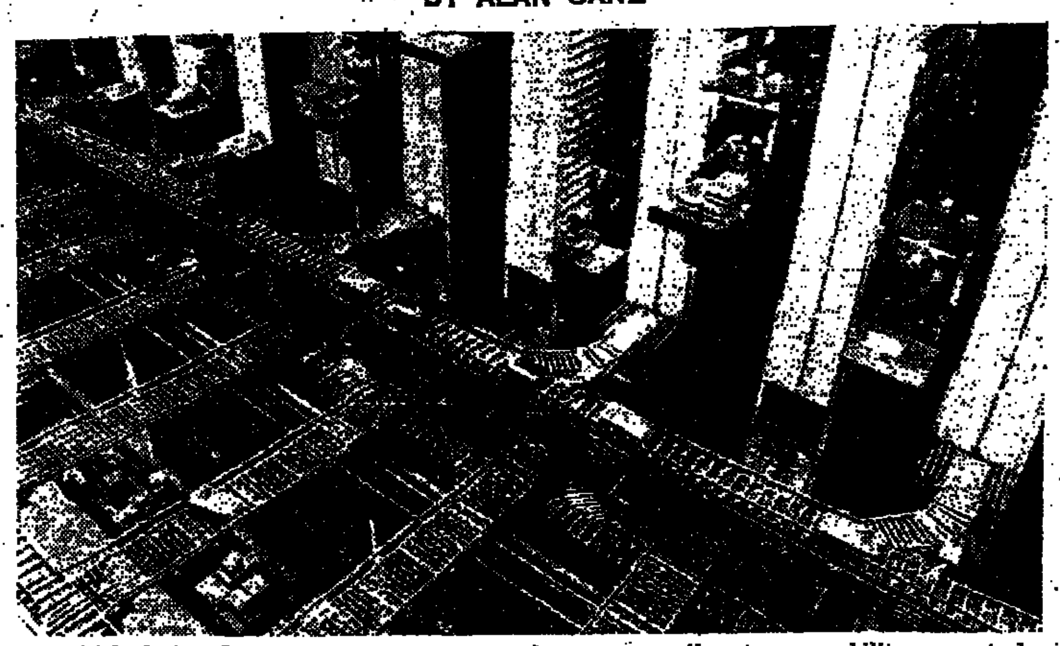
A study undertaken by a working group under Mr. K. E. Booth, chairman and managing director of Modern Materials Management, warns that the industry is spending too little on research and development in automated systems and that a serious gap has been allowed to open between what the industry is prepared to supply and what its customers want.

According to the report: "The long term loss of trade which is predicted by the lack of a capability to supply complete, automated materials handling (mh) systems is the cause of real concern."

One stumbling block, in the UK at any rates, seems to be the difficulty in proving that an automated system will show an economic advantage over a manually controlled version.

According to a report — which has been submitted to the British Materials Handling Board—this is at least partly because information on the mh element of operating costs, space, manpower and equipment, is seldom readily available or identifiable. Furthermore, the indirect benefits seem difficult to quantify.

But the report points out that all the evidence from abroad indicates the strategic importance of automated materials handling.



A British designed factory conveyor system; but now overall systems capability seems to be ebbing.

It says: "Japan and the U.S. are the two major users of automated and semi-automated mh systems. Their experience suggests that installation of advanced mh systems is the result of a need to become more competitive.

"The UK seems to lack international competitiveness. It is suggested therefore that one of the few mechanical engineering sectors which should show at least modest growth in the years ahead is mechanical handling. In this sector, automated equipment will gradually take an increasing share and it is estimated that between 50 and 100 automated systems will be installed in the UK over the next five years."

The picture is not wholly gloomy: the working party, identified four strengths on which the UK could build for the future:

- There is a consensus in the UK that the technology of automated systems is within its grasp.
- Automated systems can be developed on the wide range of traditional mh equipment manufactured.
- UK mh consultants are capable of designing and commissioning automated mh systems.
- There are enlightened and progressive customers willing to invest in automated systems if the economics looked right.

But although the UK can supply turnkey automated systems in some areas, there is a lack of design and supply capability in others including vehicle container loading/unloading systems, sack filling, palletising and wrapping systems, inexpensive wrapping systems, flexible fully automatic filling lines for process industries, pick and place trucks and trailers and high speed sortation systems."

The working group's chief concern, however, was the gap it identified between what the industry could supply and what the customer wanted. It believed the gap had opened because firms were closing down their large central systems departments, which had previously briefed the suppliers, and because the suppliers do not have overall systems experience.

The industry is spending only 0.3 per cent of its turnover on research and development and most UK suppliers have cash flow problems which, according to the working group, inhibits them from investing in the development of the expertise and service facilities they must have in 5-10 years.

But worse, the impression the report gives is that the suppliers, and their customers, do not believe that automated systems will produce the same or better profitability than traditional lines. Among the comments received by the working group were criticisms of the low level of interest shown by users: "The general level of apathy and disinterest in materials handling in the UK, particularly in advanced and automatic systems, needs some kind of national PR campaign."

The report is available from the BMHB, 0628 28011, price £5.

Cutting the cost to dry textiles

KNITTED and woven fabrics need to be thoroughly washed or scoured to remove oils and impurities before they can be prepared for distribution to textile sales outlets.

Unfortunately for British textile makers, the subsequent drying operation is an enormously expensive business—we pay 40 per cent more for our energy than the rest of Western Europe.

It makes sense to dry twice the same amount of fabrics in one operation, and W. E. Saxby of Nottingham is enjoying this bonus (and saving 50 per cent of its energy bills) with the use of a drying machine which is said to be the first in the world to process two rolls of fabric simultaneously.

Called Aero-Dryer Model ADT5, this uses a technology not found in standard machines, and consumes only 1.5 kg of steam per 1 kg of moisture evaporation, using steam pressure at 5.5 kg/square centimetre.

The model contains a perforated steel sieve drum around which tubular or open width knitted fabrics travel during the drying programme.

This drum can be covered with a mesh made from "Nomex," polyester or stainless steel, according to the customer's choice. Additionally, there is a double insulating skin to minimise further heat loss, thus contributing to increased drying efficiency and energy savings says the maker, Bates Textile Machine Company, Old Mill Lane, Leicester (0533 29661).

Continuous lengths of fabric are fed directly on the drum via a slot conveyor section at the input, and the fabric is kept in contact with the drum by the air being circulated by two independently adjustable propeller blades operating within the perforated drum.

DEBORAH PICKERING

Off-highway power pack

A "SKIDDED" tractor power pack comprising an engine, gearbox and differential assembled "en block" with front axle, steering linkage and rear axle has been introduced by Perkins Engines, Peterborough PE1 (0733 67474) in collaboration with Massey Ferguson. Called the Powerskid, it is claimed to offer manufacturers of agricultural and other off-highway tractors a wide flexibility in design so that they can build any superstructure they choose on a base unit.

It is available as a range comprising one three-cylinder and two four-cylinder Perkins diesel engines from 47 bhp to 78.5 bhp. There are also a number of compatible options, including air-cleaner, fuel tank, radiator, wheels, steering gear, controls, instruments, hydraulic pumps and seat.

The types of transmission available range from a six-speed manual gearbox to instant reverse gearboxes with torque converter drive. The hydraulically operated multi-plate clutches used with the instant reverse gearboxes are designed to accept the frequent changes of direction needed by tractors used in industry and in building.

By extending the front axle forward and fitting a load-bearing frame, the Powerskid can be converted into a scarifier and grader for field and forest road maintenance, says Perkins. Tines can be installed at the rear of the machine and grader blade fitted in the middle.

NEWS IN BRIEF

CONTROL

AN OPTICAL brightness transmitter for controlling the bleaching process in paper pulp production, introduced by Eur-Control GB, 222a, Addington Road, South Croydon CR2 (01-651 1226), has an electronics unit, comprising a microprocessor, which monitors colour changes in the pulp and converts the signals from the titanium sensor into standard process-control signals. The sensor can be withdrawn from the pulp flow without disturbing the process, Eur-Control claims.

LASERS

A HIGH POWER helium neon laser designed to provide a precision light source for such laboratory duties as interferometry, anemometry holography and data recording, introduced by Spectra-Physics, 17, Brick Knoll Park, St. Albans, Herts (0727 30131), has a minimum power output conservatively rated at 6 mW at a wavelength of 632.8 nanometers. Additional mirror sets are available to extend operation to 1,152 nm (1 mW) or 3,391 nm (1.5 mW).

INSTRUMENTS

AN ANALOGUE multimeter for general and professional use, the Philips PM 2502, introduced by Pye Unicam, York Street, Cambridge (0223 358866) has 32 ranges, a moving-coil movement, high-sensitivity overload protection, an audible continuity test facility, linear ac readings, and single-knob range selection. The measuring ranges cover dc voltages from 100 mV to 1,000 V full-scale, ac voltages from 1 V to 600 V, and resistance from 1 ohm to 10 megohms. Electronic scale linearisation eliminates the need for separate ac scales and improves readability, Pye claims.

MEMORIES

NOW AVAILABLE for use with Hewlett-Packard desk-top computers are a 12-megabyte Winchester-technology disc and an ANSI-standard ½-inch HP tape drive. Formerly interfaced only to HP 100 and 3000 computer systems, these two storage devices can now be used simultaneously or separately on four HP desk computers: the Series 9800 Systems 35A, 35B, 45B, and the colour 9800 System 45. First deliveries to customers are due in April. Full details from Hewlett-Packard Computer Systems Group, King Street Lane, Winnersh, Wokingham, Berkshire RG11 (0734 784774).

PRINTING

MUCH OF the printing produced by Williams Lea Group of City Road, London, EC1, has long been related to the City and financial world. Now the company announces an extended and highly specialised personal service for the production of investment trust reports, market letters from stockbrokers, pension fund booklets, and newsletters for banks and insurance companies.

For customers wishing to produce regular newsletters and reports themselves it is able to provide a consultancy service to work with companies' own staff for setting up necessary systems and procedures and also offers in-company training.

Williams Lea Offset is the new company on 01-251 2321.

TESTING

WHAT IS claimed to be the first fully integrated environmental testing system consisting of a chamber and vibrator to be offered by a single British manufacturer has been put on the market by Instron Environmental of High Wycombe (0494 33333).

It is designed for the "burn-in" testing of components and electronic assemblies destined to be subject to extremes of temperature and vibration in the aerospace, vehicle, military and marine industries.

Chambers can be provided with volumes ranging from 250 to 2,000 litres, the temperature is controllable from 65 to 125 deg. C with change rates better than five degrees per minute, and the shaker table can accommodate loads up to 850 kg.

LIFTING

SPARROWS Contract Services has lifted a 700 tonne hangar roof extension at London Heathrow Airport, jacking the 106 by 40 metre structure through 22 metres in less than five hours of jacking time spread over three days.

The company employed PSC-Freyssinet using eight hydraulic strand jacks, each with a capacity of 145 tonnes.

The hangar roof was built 5 metres from the ground to achieve substantial savings in craneage and to enable access platforms to operate in preference to high level scaffolding.

Sparrow' contract was awarded by Smallman Construction of Basildon, Essex, who had been engaged by steelworkers Tubeworkers for main contractor French-Kier Construction.

FINANCIAL TIMES SURVEY
Wednesday March 4 1981

Brewing Industry

Consumption of beer has fallen with the grip of recession, and capital investment plans have been cut back, though the rise in lager sales continues. Over-capacity; fierce competition, and the growing public debate about alcohol abuse are among the brewers' other worries.

Hard to stay in good cheer

By Gareth Griffiths

BREWERS ARE by nature optimistic people, their industry encourages a professional good cheer essential for selling their products. But this year this native optimism appears to have evaporated with the sharpest fall in beer production during the post-war period.

The range of beers in Britain runs into several hundred brand names.

Beer production in 1980 reached 39,614,000 bulk barrels or roughly 11.4bn pints — the lowest figure for five years and a 3.8 per cent fall on the amount for 1979. The total UK beer market allowing for exports and imports amounted to an estimated 40.7m bulk barrels, 3.9 per cent less than in 1979.

The Brewers' Society forecast for this year is pessimistic, predicting a further fall of 3 per cent to 39.3m bulk barrels for the UK beer market. No upturn in sales is expected until next year and sales between then and 1985 are not expected to grow by more than 1.5 per cent to 1.75 per cent a year. The brewers have been used to growth rates of 2 per cent to 2.5 per cent over the past 20 years.

Production in 1979 was 40.6m bulk barrels, compared with 39.2m in 1976, 35.3m in 1973 and 32.9m bulk barrels in 1970.

Brewers now place their hopes for any immediate revival on the vagaries or Britain's weather but do not anticipate any real recovery until the economy starts to improve. Their pessimism was highlighted recently by Mr. Derek Palmar, the chairman of the Brewers' Society and chairman of Bass, in a state of the industry speech.

He said the once widely-canvassed theory that the drinks industry was recession-proof had been shattered for all time. The industry had been radically affected by the continuing high rate of inflation, growing unemployment and the general impact of the recession.

Consumption of beer started falling last summer with greater falls in the North and the Midlands than London and the South East, though the South drinks less beer per head than the North. In the past six months sales have been falling by as much as 8 or 9 per cent on the same period last year.

The brewers have been buffeted by three factors, two of which are out of their control. These are:

- The weather, which can make a significant difference to demand for beer, particularly lager, during the summer. The good summers of the mid-1970s minimised the impact of the downturn then but last year's poor summer severely hit sales.
- The rising level of unemployment. Areas of short-time working rather than the areas where unemployment is highest have shown the sharpest falls. However, when redundancy payments have been spent in the depressed regions there could be a further fall.
- A series of price rises has led to the price of a pint of beer ranging from more than 40p to more than 50p with the higher prices in London and the South East. The several hundred different types of beer on sale in the UK has provided customers with scope for paying less for their pint but this now seems to have stopped.

An immediate result of the decline in brewery sales has been a cutback on investment. The Brewers' Society's three-year projection for capital investment estimates that the industry will spend £1.27bn between 1981 and 1984. About £855m, 67 per cent of the total capital investment planned, will be spent on public houses, mainly on refurbishments and development of facilities.

Emphasis

Last year the industry spent £459m on capital investment—£40m down on forecasts. However, in 1980, Sir Derrick Holden-Brown, then chairman of the Brewers' Society, outlined a three-year plan of £1.5bn capital spending.

The capital investment plans have shrunk with an investment forecast of about £485m for this year dramatically cut back. Significantly, there has been a considerable shift of emphasis away from expenditure on plant, packaging and distribution to spending on public houses.

Last year the brewers expected to spend 60 per cent of their investment funds on retailing, particularly public houses. The percentage for this year has risen to 67 per cent of total funds.

These investment forecasts include many projects that have a duration of several years. While no precise figures are available it would appear that when these rolling projects are included the amount spent on new capital schemes for packaging, production and distribution has shrunk very considerably compared to previous years.

BEER SALES AND LAGER PENETRATION 1979
(in volume as percentage of total UK market)

	Lager	Non-lager	All beer	Lager as a percentage of total consumption
South East	31	26	27	33
North East	14	20	18	22
Midands	15	17	16	27
North West	12	18	16	22
Scotland	14	7	9	45
South West	7	6	7	31
Wales	4	5	5	24
N. Ireland	3	1	2	50
UK	—	—	—	29

Source: Trade estimates

The large brewing projects of the 1970s that have come into production have resulted in the industry suffering from massive over-capacity. It could produce about 60m bulk barrels a year but in fact produces only about two-thirds of that.

The brewers' need for capacity is determined, of course, by their ability to meet sudden increases in demand for beer. Beer is a perishable product and in sudden rush periods, such as a hot spell, the brewers have to be able to produce. Customs and Excise figures, for instance, show beer consumption peaking in the summer months. In the very hot summer of 1976 beer consumption in August was 60 per cent higher than in the February that year.

The decision by Allied Breweries to close its Ansells plant at Aston in Birmingham last month has meant a reduction in the industry's capacity of about 1m bulk barrels a year. Similarly, Courage's closure of the Southwark, London, brewery this year will withdraw a further 650,000 bulk barrels of capacity a year.

Declaration

The brewing industry's cutback has been most sharply felt by the companies which supply equipment for both the production and retailing sides. The Allied Brewery Traders Association reports that its members on the production side are having a disastrous year. And, unfortunately, the cutback on spending has occurred when both customers and suppliers had hoped for better relations.

A declaration of intent two years ago by the brewers under the auspices of Mr. William Tindall, director of engineering services at Bass, in effect committed the brewers to consider buying British equipment before they looked overseas.

But for many supply companies the declaration seems to be somewhat belated. The brewing engineering industry is in the doldrums with fierce foreign competition and import penetration of between 20 and 50 per cent.

Suppliers to public houses and clubs have done somewhat better. The brewers are gradually introducing new technology into their retail outlets aside from the inevitable amusement machines.

An explosion in video games is expected and on a more serious note, Scottish and Newcastle has developed a visual display unit attached to cash registers which is currently being used on a trial run. Ansells has introduced cash registers that produce receipts, for example.

Trends in the beer market last year conformed to the Brewers' Society's expectations, though on a reduced volume. Light and dark milds continued to decline as did premium bitter and stout, and light pale and export ales.

Estimates of the breakdown of the UK beer market are available officially until the end of 1979. But trade sources suggest there has been little change last year in the actual breakdown of sales. The trend to lager continued and it gained an estimated 1½ per cent of the total market, bringing its market share to 30.5 per cent.

Projections by the Brewers' Society for the period 1981 to 1985 suggest that beer sales will pick up from 39.3m bulk barrels to 40m in 1982, 40.7m in 1983, 41.4m in 1984 and 42m in 1985.

Mild beer continued to decline in 1979 from 11.9 per cent in 1978 to 11.4 per cent of all sales. Premium bitter and stout fell from 13.8 per cent to 13.2 per cent and non-premium bitter from 31.8 per cent to 31.5 per cent. Stout fell from 3.7 per cent of the total sales to 3.5 per cent in 1979.

Premium bitters and draught stout sales have been falling since 1976 although recent reports suggest that the fall in popularity of mild beer might have been exaggerated. Some types of light mild have been reclassified as bitter and this could distort the figures.

Lobby

Lager has continued its rise in popularity and some industry forecasts put its share of the market as high as 40 per cent by the end of the 1980s. The intense competition in the take-home market between the big brewers, commented on later in the survey, revolves around lager to a considerable extent.

Brewers have become increasingly conscious of the political problems they could face during the next year or so. The industry has always been very politically sensitive and skilful as a lobby. This expertise probably will have to be used on three sensitive topics.

First, there is the growing worry over the problem of alcohol abuse. The Government says there are 740,000 people in the UK suffering from alcohol abuse related problems. The medical profession is increasingly concerned and pressure is mounting for an indexation of beer duty rates to keep pace with inflation and living standards.

Brewers argue the situation is much more complex than their opponents suggest. However there is a feeling that the industry has lost the initiative in the growing public debate over alcohol abuse.

Second, moves over equalisation or harmonisation of varying types of duty on drinks and particularly between wines and beer in the UK could mean a series of automatic and extra price increases up to the late 1980s.

The third item of concern for the brewers is the way they can deal with the fierce level of competition in the free trade, particularly the clubs. The Office of Fair Trading is already looking at the major breweries' policy of offering cheap loans to the free trade in return for selling their beer.

Brewers last year became seriously worried about some of the potential implications of the fierce bidding for free trade custom. In September the Brewers' Society issued guidelines to salesmen to ensure they did not break anti-corruption laws.

It is perhaps ironic that the brewers welcomed the 1980s as a contrast to the trying time they had in the 1970s with what they saw as a high level of political interference. It looks on the evidence of last year, and the forecasts for this, that the 1970s was a happier time for the industry than the opening two years of this decade would presage for the 1980s.

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Resilience wins bigger share of market

Trevor Humphries

Young's, the London brewery, is pleased with the results of launching a new lager last year, aimed at recovering the company's place in the London beer market

REGIONAL AND SMALL BREWERS

GARETH GRIFFITHS

THE REGIONAL and small independent brewers have displayed a resilience over the past few years that has helped them maintain a sturdy independence and at the same time take a larger share of the total British beer market.

Three-quarters of Britain's beer is supplied by the Big Six but the remaining quarter is shared between the seven regional groups, 65 established independent companies and up to 60 small publican brewers and brewers who each supply at most only a few neighbourhood outlets.

Local breweries had been very much the rule in the industry until the development of a national beer market in the post-war period. During the 1950s and 1960s their numbers shrank from 247 in 1960 to 80 in 1979. At the start of the century there were nearly 1,500 independent brewers operating nearly 6,500 separate breweries.

The 1970s proved a good period for the independents. Their sales increased on average by 6 per cent a year compared with the larger companies' growth rate of 1 per cent. At the same time they became less involved in the expensive lager market and the fiercely competitive take-home trade.

Correspondingly, now that beer sales are falling, many regional and independent brewers have been less affected. The industry as a whole expects consumption falls of 8 to 9 per cent this spring compared to last year. Companies in the more prosperous regions, by contrast, have experienced considerably lower cutbacks. Greene King in East Anglia, for example, is down only 3 per cent in its volume production compared to last year.

The smaller brewers have tended to enjoy higher rates of return on the capital they employ in production and wholesaling than the majors. One of the key reasons has been the lower distribution costs the regionals and smaller brewers enjoy. This has also meant in most cases lower prices for beer in their outlets.

Concentrate

This saving arises from the simple fact that most of the brewers concentrate on supplies to outlets within a 30-mile radius of the breweries. The number of tied outlets also of course pales beside those of the Big Six. Eldridge Pope, for instance, has 200 public houses in Dorset, Somerset and Hampshire, Hardys and Hansons 200 in Nottingham and Chesterfield, Higsons 160 in Merseyside and Adnams 71 public houses in Suffolk.

A report by stockbrokers Hichens, Harrison last month suggested that the smaller brewers had achieved barrelage and profit increases in excess of the Big Six. The latter's beer interests accounted for significantly less of the total industry's profits than in 1970.

The highest profit margins in the industry were achieved by the smaller companies and were almost twice the level achieved by the major companies, the report said.

In an analysis of pre-tax profits of brewers between 1970 and 1979 the report found that Boddingtons, Mitchells of Lancaster, Paine, Ridley and Greene King increased their profits six times at pre-tax levels.

Adnams, Arkell, Bateman, Brain, Greenall Whitley, McMullen, Morlands and Wadworth increased pre-tax profits five times while Allied, Bass and Courage increased their profits three times.

While the larger brewers have been the pace leaders in innovation according to National Economic Development Office surveys, the smaller brewers have shown initiative in exploiting the trend towards cask ale and in developing new brands. Theakstons of Masham tried out wide-mouth bottles, a shape later adopted by the majors.

Ruddles, the Rutland brewers, for example, now has a tie-up agreement to supply the Sainsbury food stores with bottled beer and has developed the wide-mouth flip-top bottle for take-home sales. It bucked the trend by opting almost entirely for the take-home trade and has sold virtually all its tied estate.

But the Ruddles move is very much the exception in the sector and the others have concentrated instead on their retail estate and building up their free trade.

The regional and smaller independent brewers have been at a disadvantage in dealing with the registered clubs in particular by not being able to offer low interest loans on the same scale as the majors.

But the trend over the past three years to multi-sourcing has helped them enormously.

BEER CONSUMPTION BY REGIONS 1979
(Pints per capita per annum)

	Lager	Non lager	All beer
North West	66.0	234.6	300.6
North East	62.7	212.8	275.5
Wales	51.7	168.9	220.6
Midlands	60.2	159.2	219.4
Scotland	96.6	115.5	212.1
South West	58.3	140.6	198.9
South East	59.4	117.2	176.6
N. Ireland	69.6	89.1	158.7
Total UK	64.0	154.6	218.6

Sources: Trade estimates, Office of Population censuses and surveys

This means that licensees buying beer from a variety of sources in order to guarantee security of supply against cases where it could be affected, notably by industrial disputes.

The NEDO survey three years ago found that the smaller brewers had spent proportionately less on investment. Some companies, such as Fuller, Smith and Turner, Eldridge Pope and Charles Wells have spent substantial sums on plant expansion: Fullers, for example, has spent £3.5m on a new brewery development designed to increase capacity by 50 per cent and Young has spent £4m expanding its Wandsworth brewery. Production capacity has been increased 25 per cent and is now about 260,000 bulk barrels a year.

In sharp contrast with these investment levels, however, some breweries have suffered from what Mr. Colin Mitchell, the doyen of brewing analysts, calls internal asset stripping. He believes one or two companies could be vulnerable either to takeover or closure. But Mr. Mitchell forsees a sharp increase in the number of separate breweries over the next 20 years because of rising energy and distribution costs.

Efficiency

The regional and independent brewers have not diversified to the same extent as the majors, though Greenall Whitley produces Vladivar vodka, the second most popular brand in the UK, and Paine of St. Neots, has become involved in producing kits for home brewing.

There have been moves to imprve the efficiency of the tied outlets and to make a more determined bid for free trade. Any likely growth in beer sales during the next decade according to industry projections will come from free and take home trade outlets. While the take home trade with its low margins and dependence on high volume output scares most non-national brewers, they are making attempts to extend their free trade operations.

The non-national breweries are still very much dominated by family traditions. A small brewery is generally defined as one producing less than 1 per cent of the national market, about 400,000 bulk barrels per year. In this category about 47 companies are believed to be family-controlled, and family influence is considerable in the remaining 17.

Family control influences management style in two ways. First, there is often a reciprocal family tradition among the workforce. In many small town breweries it is quite common to find workers whose families have worked there for four generations.

This has led to a certain loyalty on both sides that makes for stability and better industrial relations. But at the same time it has meant that talented managers from outside the ruling brewery family have felt they could not reach the top positions in the company.

Families such as the Popes of Eldridge Pope and the Neames at Shepherd Neame recognise this and say they expect to lose outside managers.

The increased interest in regional beers in the 1970s has meant that the majors have followed suit to the smaller companies—a reversal of their traditional roles. Grand Metropolitan, for example, has split its brewing interests into nine regional companies with their old names such as Mann, Usher and Wilson.

The activities by the Campaign for Real Ale, most noticeably at grass roots local level, have been very important in promoting local loyalties. CAMRA celebrates its 10th anniversary this year and in a recent report said that one of its most important aims was to enable landlords in brewery-owned public houses to be able to sell draught beer from another company. The main impact of such a move would be to benefit the smaller brewers at the expense of the majors.

The lager boom initially passed by the regional groups and smaller brewers. The capital costs in the early 1970s for building lager plants were extremely high and even the regional groups have been alarmed at canning costs which they would need to incur to enter the take-home trade in the supermarkets.

Three of the regional groups, Greenall Whitley, Vaux and Matthew Brown are believed to sell the same proportion of lager to their total sales as the regional average of their main trading areas.

Greenall Whitley, the largest regional brewery group, based in Warrington, is believed to have sold about 22 per cent of its beer in 1979 as lager. Matthew Brown, also trading in the North West, sold 18 per cent and Vaux, in the North East, 26 per cent.

Traditional

The other four regional groups, Wolverhampton and Dudley, Marston, Boddingtons and Greene King have concentrated on traditional beers and the same estimates for 1979 suggest that lager accounted for 20 per cent of Greene King's beer sales, 18 per cent of Marston's, 12 per cent of Wolverhampton and Dudley's and 7 per cent of Boddingtons.

The position is complicated by the fact that Greene King owns 20 per cent of the new Harp lager consortium and Wolverhampton and Dudley 10 per cent; the rest is owned by Guinness.

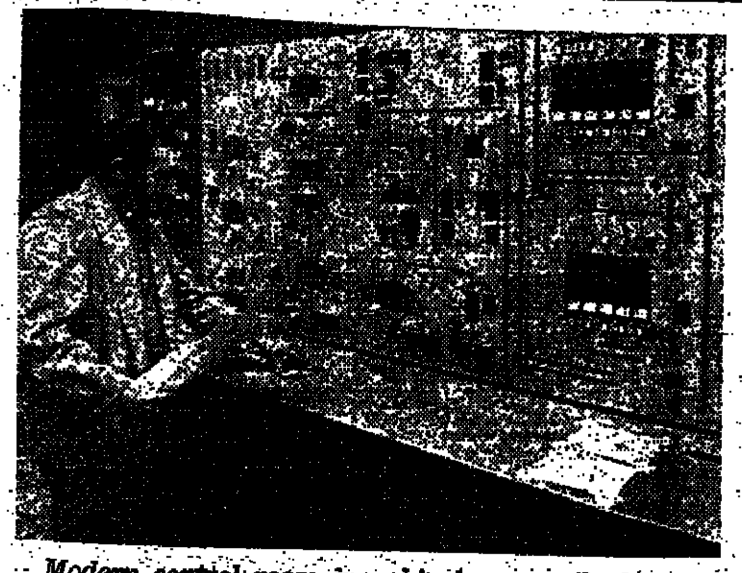
Although the national brewers dominate the lager market there has been some catching up by the regional and local brewers.

The very small brewers, each supplying at most a handful of public houses, owe their popularity both to the social cachet of their product and outside London to the competitive prices they charge.

Last year the smallest producers formed an association the Small Independent Brewers Association (SIBA) which now represents about 60 small brewers. About a dozen of these have set up business during the past 12 months.

The association has been particularly worried about the way they are unable to compete with the major breweries because of cheap loans to independent pubs and clubs. The association complained to the Office of Fair Trading and Mrs. Sally Oppenheim, Minister for Consumer Affairs, in January. The OFT is now investigating the practice.

Brewers in the SIBA produce between 15 bulk barrels (4,320 pints) and 60 bulk barrels (17,280 pints) a week.



Modern control room in a big brewery. Declining sales have forced a cutback in the brewers' investment but more is being spent on public houses

MARKET SHARE OF THE BIG SIX BREWERS *

	No. of tied outlets	Sales (in bulk barrels)	Lager as percentage of total sales
Allied	7,600	5.6m	25
Bass	8,300	8.5m	28
Courage	3,300	3.4m	20
Grand Metropolitan	6,800	4.9m	24
Scottish and Newcastle	1,450	4.4m	20
Whitbread	7,860	5.3m	32

* Including sales of other brewers' beers.
Source: Trade estimates for 1980.

A fight against heavy costs

THE BIG SIX

GARETH GRIFFITHS

THE BIG SIX brewery groups, Bass, Allied Breweries, Whitbread, Grand Metropolitan, Scottish and Newcastle and Courage are strikingly different from the regional and local brewers, and not only by virtue of sheer size.

The Six, which have dominated British brewing since the 1960s, are a distinct group in brewing, quite apart from the 70 or so other brewing companies in the industry.

Large brewers, for example, tend to spend more on research and advertising, have in general spent more heavily on investment and on the retail side have modernised their public houses more quickly, and between them they own roughly half of Britain's 74,000 public houses.

However, the majors have not had a happy time during the past few years. They were defensive in the 1970s when their combined market share fell to about 75 per cent in the face of competition from the regional and small brewers.

They came under pressure from the Campaign for Real Ale which aimed at boosting local loyalties. The last government conducted three Price Commission investigations against the majors, looking at Allied, Bass and Whitbread.

But when the political pressures stopped in 1979 the big brewers had only a year before they started to feel the downturn in the UK beer market. As the dominant force in the industry the majors were bound to feel the brunt of the decline.

The Big Six, as the heaviest spenders in the industry, are also the ones with the largest plant. The giant lager and ordinary beer dual usage plants of the early 1970s were planned in a time of relatively cheap energy costs and the majors have been faced with price rises of several hundred per cent over the past five years. They also suffer the most from the industry's problem of overcapacity.

This fuel price rise has meant heavy distribution costs which can account for 2p to 3p of the cost of a pint of beer. But large scale plant was needed to produce lager and the massive investment such breweries as Bass at Runcorn, Courage at Reading or Whitbread at Magor, Cardiff, represent, means that the plants are expected to have a long life.

The Courage plant at Reading is reported to have cost the company £90m and has a capacity of 1.7m bulk barrels. It is taking over production from the Southwark brewery this month and the company says it will be able to supply the whole of southern England by 1982-83.

The large, 1m plus bulk barrels, breweries represented the optimistic side of the brewing industry. Mr. Colin Mitchell, brewing analyst with stockbrokers' Buckmaster and Moore, sees the majors opting in future for breweries with a maximum capacity of 750,000 bulk barrels and argues that during the next 20 years there will be a doubling of the number of separate breweries.

Last year saw relatively little change in the position of the Big Six with each other although trade sources suggest that Allied and Courage lost market share, Bass retained its undisputed position as the most important brewer, Whitbread improved its share slightly, as did Scottish and Newcastle.

Linked

Bass and Grand Metropolitan both introduced organisation changes in their beer operations last year. In October the Bass breweries were brought into the six Bass UK operating companies. The operating companies were grouped for reporting purposes into four beer divisions.

Grand Metropolitan linked its brewing interests of Watney Mann and Truman with its retailing company Chef and Brewer as part of the group's general reorganisation. The brewing and retailing division also includes CC Soft Drinks and Watney International which is involved in the West German and Belgian beer markets.

All the majors have shown themselves more responsive to regional variations in the demand for beer. This has reflected itself in two ways; a continuing emphasis on reviving old regional names for beers (particularly by Allied) and a differing price structure throughout the country.

Pricing policies may still be determined by the central management but the implementation of price and its timing is done on a regional basis. For example, Courage's Eastern division raised its prices in December while its central and western divisions raised theirs last September.

The switch to allowing regional companies to implement regional prices rather than introduce across the board rises has had two effects. The first is that it has ended the formal beer price round. It has also meant the majors can see what the smaller brewers are doing and this relieves them of the need to be automatic price leaders.

Bass Mitchell and Butlers, and the Bass company in the Midlands, which is the leading brewery in the area, believes for instance that it now sells the cheapest beer in the region and thus has got rid of the price advantage the smaller brewers used to enjoy.

Secondly, the regional pricing system has accentuated the move towards strong regional differences in price. Beer in London, say for premium bitter, is now up to 8p more expensive than in the North West or the North East.

The two crucial areas of competition for the Big Six are the free trade and the take home trade. The free trade, that not under the control of the brewery, now accounts for 36 per cent of all drink sales in on licences and 10 per cent for off-licences.

Brewers reacted in two ways to get a foothold in this increasingly fierce market. Their need for the high levels of capacity have made it increasingly important for the big brewers to participate in the free trade, particularly as they have run down their own tied estates.

The majors offered loans to the free trade, particularly the registered clubs, often at very low rates of interest. Many clubs now obtain loans from several breweries simultaneously and the breweries have not objected provided their beers are stocked.

Mr. Colin Mitchell argues that by the end of 1980 the industry had made loans to the free trade running at about £300m and this represented a sizeable subsidy from the big brewers to the free trade outlets.

He cites Scottish and Newcastle as being particularly keen on the free trade loans system. S and N have been vulnerable to free trade pressure as the company sees itself primarily as a producer and distributor of beer but one with a very limited tied estate. Four fifths of its trade is with free trade outlets and the pressure to compete in this market is therefore very strong.

Derek Palmar, chairman of the Brewers' Society and chairman of Bass: recession and high inflation have radically affected the industry

Intense

In their defence the brewers argue that free trade loans are part of brewing history. Brewers made substantial loans to the free trade 100 years ago when as today the industry suffered from overcapacity and falling demand.

It is in the take home trade that competition has been most intense with commentators talking about lager wars. Aggressive pricing rather than brand loyalty counts with the consumer and the low margins for the brewers have been shaved even further by the enormous buying power of the supermarkets.

The legal row in the High Court last summer between Allied and Scottish and Newcastle threw into sharp relief the fierce competition existing in the "cheapie" lager market. Both S and N and Allied have marketed "cheapie" lagers; Allied sell a low gravity lager called Falcon and S and N a lager called Kestrel. When Kestrel was launched it sold for 26p a 16 oz can and Falcon for 28p for a 16 oz can.

There has been a move in recent months by the brewers to raise take home prices at a higher rate than those for supplies to managed and tenanted public houses and registered clubs. The cheaper lagers are now selling at about 32p a 16 oz can. But it is still one of the majors' main problems.

Opportunities prove a disappointment

CONTINENTAL MARKET

GARETH GRIFFITHS

BRITISH BREWERS saw the continental beer market in the late 1960s and early 1970s as a great opportunity.

They built up considerable interests, particularly in Belgium. But these continental brewing interests have been a disappointment for the UK brewers — illustrating the peculiar national characteristics of brewing and the possibility that the European beer market has reached its limits.

There are exceptions. Ireland exports a third of its beer production, mainly because of stout exports by Guinness and the close links between the UK and Ireland owing to Guinness operating in both countries.

But the range of import-export figures, the indicator of a market's openness, is on the low side. The latest figures available for 1979 from the Communaute de Travail des Brasseurs du Marche Commun (CBMC), the Common Market Brewers' Association, show generally self-contained markets.

West Germany, the leading beer producer in Europe, exported 3.2 per cent of its production in 1979 while imports accounted for only 0.75 per cent. The UK, the second largest producer, exported 1.2 per cent of production and in spite of National Economic Development Office targets to double exports, they remain negligible. Britain imported 4.03 per cent of its beer in 1979.

The EEC countries with the most export oriented brewing industries are Denmark, which exported 16.87 per cent of its production, and the Netherlands, which exported 24.1 per cent of output. Both countries have successful lagers, produced by Carlsberg Tuborg and Heineken.

The European Free Trade Area countries show a similar domestic bias in their industries. The main reason is the high cost of distribution. Imported beers tend to be more expensive than domestic products and in the case of West Germany there are stringent purity laws which effectively make imports difficult to obtain.

Beer's relatively short life and its vulnerability to disruption has prevented increased trade across national frontiers. The lack of this internationalism in Europe has therefore prevented the two giants of continental brewing, the British and the West Germans, from taking over the continental industry. Brewers' independence has been maintained by national licensing and franchise arrangements.

Beer production in the Common Market in 1979 was 234,308,000 hectolitres, a slight increase from the 1978 figure of 231,096,000 hectolitres. Production for the EFTA countries was 23,950,000 hectolitres, a marginal increase from 1978 production of 23,508,000 hectolitres.

This lack of growth is highlighted by the comments of West German brewers that their market is saturated, and by British brewers who predict a flat three years.

Difference

One of the biggest differences between the British and continental markets is the high level of consumption at home—50 per cent in Belgium, 77 per cent in Denmark and 60 per cent in the Netherlands. In the UK the take-home trade accounts for about 12 per cent of sales compared to 40 per cent in West Germany.

Mr. John Burr, British president of the CBMC recently warned that the European beer market had little general potential for expansion. Beer sales could only increase in the Mediterranean countries at the expense of wine consumption.

This flat outlook for beer is seen most clearly in West Germany. ERC statistics show that the West Germans drank nearly a third of all beer consumed in Western Europe. But consumption in 1979 was 89,027,000 hectolitres, the lowest figure since 1972 and well down on the 1976 peak of 92,845,000 hectolitres.

West Germans top the EEC consumption league for beer with their 1979 average of 145.1 litres per head. But the figure is falling. Indeed, because of the strong regional differences in the West German beer market, consumption in the north is often lower than in the UK or Belgium with the really heavy drinking done in Bavaria.

The industry is easily the most diverse in Western Europe. There are nearly 1,500 breweries and many local brews such as the delicately smoked Rauchbier from Hamburg or Kölsch from Cologne — which are virtually unknown outside their own areas.

The small size of many of these breweries has prevented them from reaching the most economic output. The average European brewery in 1978 produced 633,000 hectolitres of beer compared with 2.1m hectolitres in the U.S. and 464,000 hectolitres in the UK. However, the number of breweries has been halved in the post-war years and six groups (the UK also has six majors) control 35 per cent of the industry.

Dortmunder Union - Schultheiss Brauerei KG / DUB Schultheis and its subsidiaries, the largest group, had an output of 8.6m hectolitres in 1977. The second largest, Holsten, produced 2½m hectolitres. The other large brewery groups are Hypobank, Oetker, Reemtsma and Schorghuber—all six have decentralised managements.

The regional brewers play a more important role in the West German brewing industry than they do in the UK. Some 43 regional groups account for slightly more than a third of production.

The French beer market is more concentrated and much smaller. Beer sales account for about 12 per cent of the French drink industry and the sector is dominated by the Boussois Souchon Neuvesel food and drink group.

BSN, which owns Kronenbourg, produced 13m hectolitres in 1977, an output four times that of its nearest competitor, the Union des Brasseries.

Target

Belgium, the only continental market with a taste for British style beer proved the obvious target for British brewers when they started to expand on the continent. But Belgium has developed a series of tight price controls, still in force, which imposes a maximum price of 2,159 Belgian francs per hectolitre plus Value Added Tax at 16 per cent which it allows brewers to charge.

British brewers privately say they have been disappointed by the results of their European expansion. The main thrust now appears to be directed towards the U.S. The general trends suggest that a common European beer market is unlikely to emerge during the next few years and prospects for growth appear limited. Recent developments at the European Court of Justice, and pressure from the Commission, could mean the dismantling of some of the non tariff barriers to imported beers such as West Germany's purity laws.

Concern about alcohol abuse appears to be increasing across Western Europe. The French have had anti-alcoholism campaigns since the 1950s and for the last decade alcohol consumption per head has been dropping.

The Norwegian Storting is to discuss a paper this year from the country's Ministry of Social Affairs proposing that beer containing more than 4.5 per cent of alcohol should be banned, and that taxes on beer should be heavily increased. It is a move which will be closely watched throughout EFTA and the EEC as it may well indicate that governments are opting for a "social responsibility" element in their taxation of beer.

BREWING INDUSTRY IV

Emphasis on monitoring consumption

ENERGY SAVINGS

MAURICE SAMUELSON

IT IS now two years since the *brewing industry* decided to double the target it had set itself for better energy efficiency. Instead of a 10 per cent saving between 1976 and 1982 it is pressing on to achieve a 20 per cent cut in the same period, regardless of all the other difficulties which have beset the industry since the targets were first set.

The main areas for saving were identified by the joint report of the Energy and Industry Departments (*Energy* Audit Series No. 8) which established in 1979 that the brewing industry, using the equivalent of 1m tonnes of coal a year, could cut demand eventually by up to a third.

Among the areas in which savings could be made were:

- heat recovery from keg cleaning and racking lines—86,000 tonnes of coal equivalent (tce);
- recovery of the boil off from the brew or introduction of alternative boiling techniques—73,000 tce;
- better housekeeping—69,000 tce;
- better management of the brewery heat load—53,000 tce;
- better refrigeration systems—6,600 tce.

It also recommended use of heat pumps and improved cleaning techniques for casks and kegs.

Since the publication of the audit brewers have redoubled their efforts to boost energy efficiency, aided by the co-ordinating role of the Brewers' Society, which has served as a clearing house for exchanges of experience, and carries out regular surveys.

The surveys help to give the society some idea of how the industry is progressing towards greater energy efficiency. At present, the fall in production suggests a corresponding drop in efficiency, for the simple *reason that despite the drop* in demand the breweries have to maintain a minimum amount of heat and steam in their boilers.

But the experiences of the individual companies show that they are constantly seeking to contain their fuel bills along the broad lines drawn in the audit report.

At Allied Breweries particular emphasis has been placed on the role of management in constantly monitoring energy consumption. It has appointed an energy manager at its beer division's headquarters and special energy management personnel at each of its breweries or trading companies.

It has also introduced programmes for training personnel in "energy awareness" complete with rewards, incentives and in-house publicity campaigns to involve as many staff as possible.

As a result of conservation, good housekeeping and good managements, Allied says that in the three years to 1979-80 it had contained the rise in its energy costs to 27 per cent instead of 80 per cent, a saving of 53 per cent, or £2.3m.

At Bass, savings of £1.8m, or 17 per cent of total cost, have been achieved in energy, water and carbon dioxide. These savings were made during the four-and-a-half-year drive for better efficiency at the company's 12 breweries and four maltings.

Success

The company attributes its success to the management structure and its rigorous monitoring and target system covering all its utilities, rather than to investments in large projects.

Details of each Bass plant's energy usage and production are *recorded every four weeks and* sent to headquarters, statistically analysed and sent back to each plant and to senior directors. Every six months a routine report, summarising the positions, is sent to directors, other members of the group, and to the plants concerned.

Parallel with this management structure, Bass has been installing new energy-saving plant, such as heat recovery equipment at its malt kilns.

Scottish and Newcastle Breweries is involved in a Government-backed demonstration *project to show how* heat can be recovered and re-used on a kegging line. Mr. Bill Mackie, Scottish and Newcastle's energy conservation engineer, says that although the project is at an early stage the first indications are that 40 per cent of total heat and 90 per cent of water heating requirements could be recovered.

He says that as Scottish and Newcastle is already fairly energy-efficient it has less scope for saving than some of its other competitors. Even so, fuel consumption per unit of output had been cut by 5-6 per cent in the past three years. This had been done through better housekeeping, especially in boiler house practices.

Greene King, the East Anglia brewing group, claims to have cut fuel consumption by 9.1 per cent at one of its three breweries and 6 per cent at another through a programme of auditing, monitoring and better housekeeping measures (such as sealing leaks of steam or hot water).

Mr. John Hill, who assumed the new post of energy manager a year ago, says achievements come "mostly from straightforward good maintenance." But the group also has 10 conservation-related programmes involving capital investment. Heat recovery schemes, for example, were intended to save 40 per cent on the keg washing cycles.

Over the past few years the rising price of oil has made several breweries consider *switching to coal. But since this* involves the big cost of replacing boilers, it does not fit easily into energy conservation strategies.

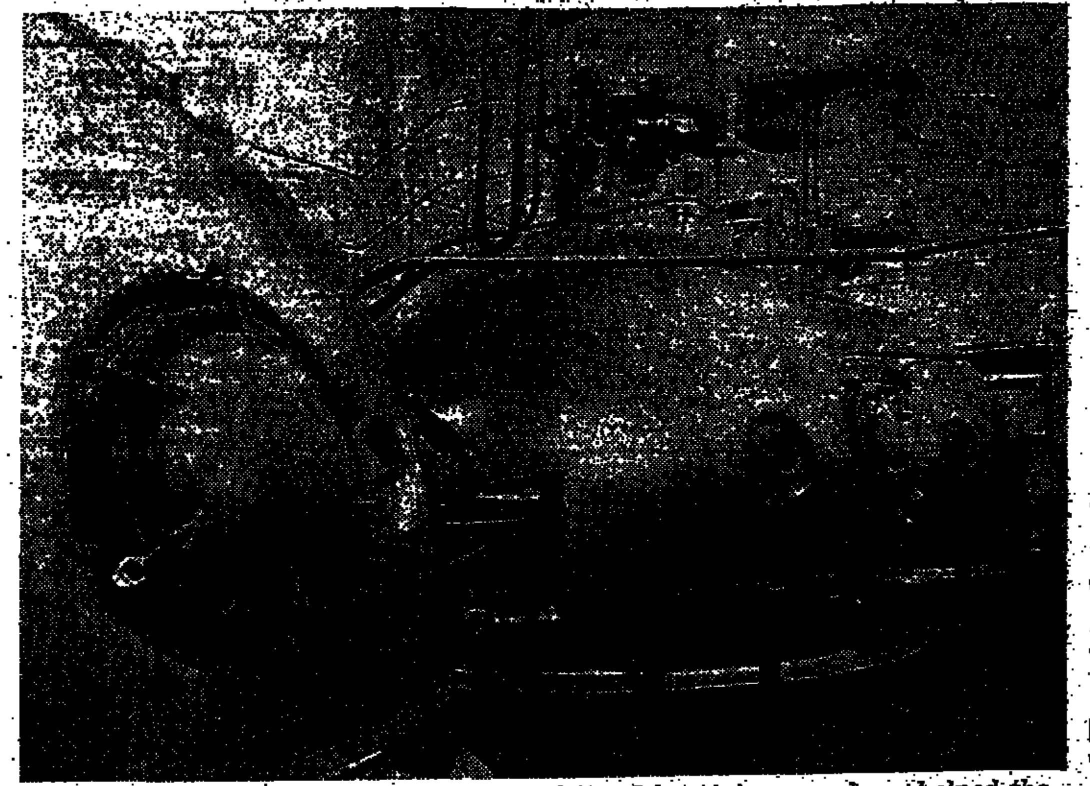
There is particular interest in going back to coal in association with the new technology of fluidised bed combustion. But although there is a trial scheme at Samuel Smith's of Tadcaster, Yorkshire, most brewers regard the system as still unproven even if they did have cash to spare for system reboilering work.

But this has not prevented some increased use of coal by conventional boilers. Shrewsbury and Wem, a subsidiary of Greenall Whitley, has just opened a new boilerhouse at Wem, Shropshire, which houses two new traditional Parkinson Cowan GWB multi-fuel coal-fired boilers.

They replace two old Lancashire boilers, one of which was on oil and the other on coal. New oil or gas boilers were ruled out because of the high cost of the fuels and doubts about their long-term availability.

The switch to coal could become more pronounced if interest rates fell sufficiently to replace many of the industry's boilers reaching the end of their working lives.

But conversion to coal would be self-defeating if it led to a slackening in the bid for energy conservation. As Mr. John Hill of Greene King puts it: "My object is to save energy, not just cash. You only change fuels if you thereby can save energy."



Insulating brewing coppers like these, and careful maintenance, have helped the brewers make considerable energy savings. Now they are considering whether to switch to a cheaper fuel

Shops and clubs change the pattern

DISTRIBUTION

DAVID CHURCHILL

THE DROP in beer sales over the past year has focused attention firmly on the distribution of beer through pubs, clubs, and supermarkets. With sales hit by the recession, every pint sold is of vital importance to the brewers — but *where* that pint is sold is rapidly changing.

In the past the public house was the traditional outlet for draught beer, with brewers selling both through their "tied" houses and to the "free" trade.

But over the past decade, there has been a marked shift in the market, with the popularity of drinking clubs and the growth of sales through supermarkets growing in importance. The shift away from the "tied" trade inevitably has forced the brewers to become more competitive—offering cheap loans to clubs, for example, in return for their taking the brewer's beer—and consequently profit margins have been depressed.

The competition between different retail outlets for beer has meant that average beer prices in brewery-owned outlets rose by about 21 per cent over the past year, compared with 14.7 per cent in clubs, and 12.8 per cent in supermarkets.

Such pricing differentials have exacerbated the pressures on the traditional pub—pressures such as rising labour and energy costs as well as higher rents and rates—and accelerated the number of pub closures. Trade estimates suggest that at least 1,000 pubs out of the total of about 70,000 could shut during the next year—and some estimates put the figure considerably higher. Not surprisingly, the publicans' trade body—the National Union of Licensed Victuallers—*has been particularly* vociferous in seeking to prevent these closures.

Brewers' ownership of pubs through the tied house system has been declining for many years. In the early 1970s they owned almost threequarters of all pubs and controlled almost 40 per cent of all beer outlets. But by the end of the decade these proportions were down to about two-thirds and one-third.

Most brewery-owned pubs are let to tenants and the brewers point out that this combination of large-scale ownership with a high degree of independent operation is another unique feature of the British pub as well as bringing important advantages. Despite his comparatively small capital stake, *the tenant is in a position to* give his pub some individuality. He can introduce entertainments, speciality foods, and also be helped by his family in the running of the pub—a useful factor given the unsocial hours which have to be worked.

The threat to the traditional pub over the past decade has come mainly from the growth of licensed clubs. The number of these clubs has risen steadily over the past decade—there are now more than 32,000—as a result of more liberal licensing hours and cheaper beer.

Criticised

As the clubs have grown in popularity, so the brewers have been increasingly anxious to secure their trade and have offered cheap loans in return for the clubs agreeing to take a certain amount of beer. These loans, which are usually intended to help the club improve its facilities, often act as a subsidy—allowing the club to sell more beer at cheaper prices than in pubs.

Increasingly, the brewers have also given such cheap loans to independent pubs in order to secure their business. "The 'free' *trade* is being tied up increasingly by pubs and clubs taking these cheap loans from the big brewers," says Mr. Peter Austin, chairman of the Small Independent Brewers' Association.

Loans provided by the big brewers are often at low interest rates or interest-free. They average £7,000, although they can be for much larger amounts. The total amount of such loans comes to more than £175m and about 15 per cent of all beer sales are through outlets which have a loan.

The Office of Fair Trading is concerned that while the competition between brewers might appear to be in the consumers' interest in the short-term — because of the lower prices in clubs — some of the long-term effects on the structure of the industry eventually may be against the interests of the consumer.

Apart from the growth of clubs, the traditional market for beer has been changed by the growth of beer sales through supermarkets. Supermarket chains were slow to exploit the possibilities of the take-home market in the early 1970s, but by the end of the decade alcohol sales were one of their fastest-growing areas.

Take-home beer sales doubled in the latter 1970s — to around 15 per cent at present — and trade estimates suggest that a fifth of the beer sold by the mid-1980s will be through supermarkets.

The growth of the take-home market has been helped both by the willingness of supermarkets to sell alcohol as well as the rapid rise in popularity of lager sales throughout the 1970s. Canned beer has sold particularly well in supermarkets.

The problem for the brewers, however, is that in the race to increase take-home beer sales, profit margins have been pared to the bone. With depressed sales, the brewing industry is caught in the unenviable position of trying to boost volume by cutting its margins in the take-home trade. Many within the industry fear that, in the long run, this strategy is likely to be more trouble than it is worth.

Pay settlements edge down

INDUSTRIAL RELATIONS

GARETH GRIFFITHS

LABOUR RELATIONS in the *brewing industry* are extremely complex and diverse and stem from the way the industry developed on a local pattern before the emergence of the national beer market in the post-war period. Plant negotiations and regional comparisons have a far greater impact than any national *suggestions* or industry guidelines.

This local complexity is reflected on the production and *distribution sides* by the absence of a formal pay round and a wide variety in settlement dates between companies and indeed divisions within companies.

The recession in the brewing industry and the flat outlook for beer sales over the next four years has obviously affected attitudes within the trade unions and on the shopfloor. Wage settlements in brewing last year ran at more than 20 per cent but the wage deals in October and November stuck at around the 15 per cent mark. Pay deals this year have edged downwards and settlements in the past two months have been at levels slightly over 10 per cent.

Department of Employment figures suggest that employment in the food and drink industry has held up somewhat better than in manufacturing industry as a whole. There have been instances of short-time working and most brewers have shed *labour during the past year.* In 1979 there were 68,000 people employed in brewing and malting and 374,000 employed in public houses and clubs.

Wage rates have been influenced by this downward pressure. While joint shop stewards' committees in the giants keep a watchful eye on pay and conditions agreements in other divisions, the influences tend to be primarily local. Allied Brewers, for instance, pays lower rates in its West Country operations than at Romford in London or than it did in Aston, Birmingham. Allied has been trying to equalise its wage rates in the country over the past couple of years.

Union membership in the production and *distribution* side of the industry is strong, with a large number of closed shop post-entry agreements. The Transport and General Workers' Union is thought to have about 45 per cent of the workforce, the General and Municipal Workers' Union 30 per cent, the Association of Scientific, Technical and Managerial Staffs 15 per cent and the Union of Shop, Distributive and Allied Trades most of the rest.

Some of the smaller brewers have not encouraged unionism in their breweries; Adnams in *Suffolk is an example. But*, the main thrust of local negotiations has been on the union side to protect jobs and on the management side to raise productivity, particularly in distribution.

Two of the largest brewers, Allied and Courage, have both closed (or are about to close) plants this year — Allied at Birmingham with the loss of 600 jobs, and Courage its brewing and bottling plants in London with the loss of 690 jobs. Both Allied and Courage managements argue that the record of poor industrial relations at the plants was a key factor in the decision to close.

Sir Derrick Holden-Brown, vice-chairman of Allied Breweries, said in February at the time of the closure of the Ansells brewery that poor industrial relations had been the main reason why the decision had been taken.

But the diversity of the brewing industry's negotiating machinery minimises the impact of these individual disputes *and closures. Mr. Bobby Smith*, the GMWU national officer for the drinks industry, suggests that the generally good record of industrial relations for the industry rests on the ability to contain disputes to one brewery. Individual breweries may suffer disputes but this does not spill over into group *stoppages* in the case of the Big Six national brewers or regional stoppages in the case of the smaller companies.

Attitudes

A union survey by the GMWU in 1979 found some surprising regional differences in attitudes among brewery production and distribution workers. In Scotland the emphasis in negotiations was more on money and less on holidays—in contrast to the South-West, where the reverse applied.

Brewery workers in London and the South East, the most important beer market, tended to opt for settlements with below-average holiday entitlements, better money and substantially better fringe benefits and shift allowances.

One of the most interesting developments in industrial relations during the past year and one that is likely to have considerable impact in the near future for the industry has been happening in the North West.

Both unions and companies have been engaged in discussions for the past year about common problems. These discussions have centred around distribution and a National Economic Development Office film called "All in a Dray's Work."

The film which is currently being shown to breweries looks at the problems of distribution in the industry and provides a plank for discussions on how to solve them. Distribution costs remain among the brewers' greatest worries.

Brewers have not yet *tackled what they see as a high* level of overmanning and restrictive practices in the distribution side. They cite delivery teams of three men doing the work which two could handle and the practice of working large amounts of overtime.

The industry has been looking at ways of reducing overtime for the past couple of years. The GMWU has a union working party looking at the subject and the NEDO brewing sector working party has identified several problem areas.

High levels of overtime are achieved by the practice of job finish. This means that when a particular job is finished, even if it is done in less than the allotted time, any extra time is classified as overtime.

But the problem in industrial relations terms was thrown into sharp relief last month by the comments of a judge in a case involving Watneys (part of Grand Metropolitan) and relating to the blacking of a public house by draymen. Mr. Justice Thompson said, in the High Court that the draymen were a law unto themselves and that other employees went in fear of them.

The other side of the brewing industry—the public houses and the retailing sector—has quite different characteristics. The workers covered by the public houses receive relatively low rates of pay and are covered by a national wage council—the Licensed Non-Residential Premises Wages Council.

A wage order was set this year at a minmum of £57 per 40-hour week with a minimum of £62.70 in some areas. This figure operates from January 15 last and was an increase of 14 per cent.

The Brewers' Society says that these minimum figures are topped up in most cases. But union membership tends to be low since bar work is very casual with a high turnover of staff.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

A breach of lease

My tenant sublet part of the offices he leases from me, over my written objection and thus of course without prior consent, while continuing to occupy the remainder of the premises. His lease expires in September and I intend to issue him with the statutory notice to quit (Landlord's notice to terminate business tenancy, BM 7998, Solicitors' Law Stationery Society Limited).

Should I also issue such notice to these subtenants and would such notice not be taken as implied approval of the subletting? Should these notices be sent to our tenant and simultaneously or subsequently to his subtenant? Should the fact of subletting over our objection be given as grounds for refusing a new lease, instead of or in addition to those in Note 4.e on the reverse side of the form (subdivision of property restricting options of letting and reducing aggregate rents obtainable)?

If you have received rent from your tenant since the subletting was known to you you will have waived the breach, and should serve a formal notice to terminate on the subtenant. You should also serve a notice on the tenant, and these may be served simultaneously. We doubt if the single breach of covenant (assuming that there is a covenant against subletting in the lease) would suffice to enable you to resist an application for a new tenancy, especially where you have not brought proceedings to forfeit the lease for breach of covenant. However new leases should be given to the tenant and the (present) subtenant separately.

No abolition of clawback

I opened a branch of my business in March 1979, which led to a substantial increase in total stock during 1979-80. I have been told by two accountants that though I could make a claim for stock relief which would wipe out my bank borrowing, the danger to my finances of the clawback provisions, were I to close the business within six years, is such that they advise against claiming. Then I read in Lex (December 31) the sentence "but grateful though the finance director of a highly borrowed manufacturing company will be the abolition of clawback . . ." Can it be true that clawback has been abolished for manufacturing but not for distributive businesses?

Clawback is not to be abolished for businesses which close: so everyone is right. Lex's brief comment must be read in the light of the detailed comments in the FT in November, following publication of the discussion paper on stock relief, but presumably you missed them.

Zero rate VAT

I am the treasurer of an association which issues a free quarterly magazine to members. VAT is included in the printer's bills, but it has been suggested to me that under Zero Rate schedule group 3 VAT may not be chargeable at all. What please is your view?

Zero rating under Schedule 4 Group 3 of the Finance Act 1972 is given where a person supplies, among other things, books, booklets, brochures, pamphlets and leaflets. The zero rating would therefore apply to any publications which your association sold. The zero rating does not apply to the person who prints such books, etc. That organisation will not be supplying books, but will be supplying printing services and therefore they will correctly charge VAT.

Asset exempt from CGT

I may want to open an interest-bearing dollar account with an American broker in London and buy U.S. shares. (I am British and fully resident). What happens if I close the account and the dollar-pound rate has moved—would that constitute a capital gain or loss? The simplest way in this respect seems to me to set the pound amount with which the dollar account has started against the pound amount received (after conversion fees and costs) when the dollar account is closed. Is this possible?

The answer to your question is no. A dollar bank account is a chargeable asset for CGT purposes (under section 135(1) of the Capital Gains Tax Act 1979), but a dollar account with a broker is exempt. Logic has no place in taxation.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Alan Friedman reports on an entrepreneur's plans to turn round a pottery company he rescued from the Receiver

A Bull in a china shop

"I'VE BEEN round the factory once. I've never been in the business before. I'm really just an interested investor."

These are curious words to hear from David Quayle, the millionaire businessman who made a name in the DIY retail market, sold out to the Woolworth retail group last year and pocketed £3m in cash. He is speaking of his latest entrepreneurial activity, the "rescue" of John Maddock pottery and Royal Stafford China from the hands of the receiver.

At Christmas-time Quayle and a consortium of managers moved quickly to pay £280,000 for the assets of the failed pottery business while much of the world was asleep or away on holiday. According to Peat Marwick Mitchell, the appointed Receiver the deal provides an encouraging example of life after bankruptcy.

After steady deterioration, the Maddock pottery business is now being massaged into possible profitability. The new management team, using a variety of methods to streamline and hold profit margins, is hoping to produce a small profit (£50,000 to £100,000) this year on around £1m turnover. If it succeeds it will be a tribute to the skill of tight management and bank backing of an otherwise moribund sector of British industry.

The effort will represent a major leap forward from the darker days of the recent past. John Maddock, the hotel cups-and saucers company, used to be an 81 per cent owned subsidiary of Maddock, a group wracked by resignations, heavily qualified accounts and a suspended Stock Exchange listing.

Maddock was tied up in the tangled affairs of Alan Bartlett, the former chairman of Newman Industries. The Newman Industries court case concerned the sale to Newman of some assets and liabilities by a company called Thomas Poole and Gladstone China, the remainder of which is now owned by Maddock.

As a result, Prudential Assurance, a Newman shareholder, attempted to hold up the transaction and brought a successful action to establish that Newman had paid too much and that Bartlett had misled the Newman board.

But all of this occurred long before the Quayle consortium came on to the scene.

Martin Rosenhead, the company doctor who is now chairman of the pottery operation, is vociferous in his denial of any connection beyond the purchase of the assets. "I made it very clear that nothing associated with Maddock Limited would touch our fingertips," he explains.

Rosenhead, a veteran of both Reed International and Redland, is one of three key directors of Nubell, an "off-the-shelf" company the consortium used to purchase the John Maddock assets from receivership. The other partners are John D'Arcy, the former managing director of John Maddock who had sought a way out of its financial troubles, and Peter Coventry, an accountant who handles group finance and administration.

Quayle is not actually on the board of the new company. But he did put up £90,000 in cash and a £150,000 loan note to take a 60 per cent stake of the assets. The rest of the £280,000 purchase price came from D'Arcy (20 per cent) and Coventry and Rosenhead (joint 20 per cent holding).

The deal began to develop last September when managing director D'Arcy contacted his friend David Quayle to request advice on how to solve the problem of the failing business. The two held talks and in turn contacted Rosenhead and Coventry, independent consultants with a reputation for company doctoring.

Disaster

The four considered a takeover bid, but put this idea aside as too costly. John Maddock owed around £200,000 in PAYE payments and had an overdraft of around £½m. Says Rosenhead: "Something had to be done. The business was in ruins. It sounded as though disaster was nigh, but not instant."

Rosenhead reckons the company was heading for the wall for two reasons: first, in common with other potteries, it was vastly overmanned against a declining market. Second, it was part of a larger financial group which had no financial resources to speak of.

"We decided that no one sensible would buy the company and suggested that the only way of resuming would be to put it into receivership," says Rosenhead. So D'Arcy called in National Westminster on November 5, and suggested receivership. D'Arcy says simply: "It was the right thing to do."

Hugh Routledge

David Quayle inspects some of the hotelware in which he has a 60 per cent stake: "I am just an interested investor"

On November 6 the receiver was called in. Meanwhile Rosenhead went around to merchant banks in the City and asked for backing. After one abortive attempt to buy the assets in conjunction with an investment trust group, Rosenhead turned to David Quayle, the millionaire businessman who was not satisfied merely with sitting on his receipts from the sale of his B and Q DIY chain to Woolworth and with his seat on the board of the new television franchise in the south of England.

After recalling the receiver from a Christmas holiday in Torquay, the group of entrepreneurs closed the £280,000 deal on January 2. They got a two acre property in Burslem, near Stoke-on-Trent, plant machinery and stocks. This amounted to 141,000 square feet of workspace.

Alan Adam, of Peat Marwick, estimates the break-up value of the assets at £170,000 and the existing use value at £480,000. "So they paid something in the middle," he says.

Explains Adam: "We considered letting the business go into liquidation. But I reckon we were able to provide a vehicle for the rationalisation of the company." He feels the deal was successful since the bulk of the operations were sold and some of the workforce was retained. "I think Quayle and his friends bought some reasonable assets capable of producing profits," he says.

Rosenhead and his colleagues are cutting costs by retaining a staff of 53 out of the previous total of 256. The business is now operating at one-third of its capacity of 12,000 dozen items a week. The trade unions have been told that as many employees as are economic will be kept on and they have agreed to this.

Enthusiastic

Rosenhead and Quayle, meanwhile, have attended a number of trade fairs in London and Birmingham and claim to have received an enthusiastic response from customers. In fact the directors are all playing a personal part in sales, ringing up customers and actually going around to see them.

The old John Maddock business had a 6 per cent UK market share in the hotel earthenware sector. Rosenhead freely admits that current market share is "nil." But he believes that through hard work and aggressive selling they can soon obtain a 5 to 10 per cent share of the £16m UK market.

The Royal Stafford name will also be developed, but this business is to be restricted to around one quarter of group turnover.

The Rosenhead / Quayle method is straightforward: Quayle does not interfere with the board, but provides financial backing. The board meanwhile follows a "strategy of common sense rather than the legendary inherited notions of how to run a business."

This entails short lines of communication, frequent measurement of stocks and orders and an aggressive sales force. Export orders are being refused if the price does not provide a reasonable margin. Although exports are estimated to account for 25 per cent of turnover, Rosenhead says he will not compromise margins for market share.

Peter Coventry, the finance director, estimates building up a staff of 100 by the end of this year. But he is wary of increasing the number of workers too quickly, explaining "John Maddock had 100 people too many when it had 250. They could not afford the redundancy payments."

The group's largest single customer is Trusthouse Forte, which buys around £100,000-worth of hotelware each year. The National Health Service contracts to buy cups and plates for hospitals and this is estimated to be worth £¾m during the next two-and-a-half years. Other contracts with wholesalers range upward from £15,000 and the average order is between £50,000 and £60,000.

Beyond these straightforward contracts there are also a variety of replacement deals wherein hotels and institutions agree to re-order from the group because they do not wish to change the design of plates and cups.

The significance of replacements to the John Maddock hotelware side cannot be overstated. David Quayle claims that one of the most important prerequisites to a strong order book is what he calls "potter's music." "The breaking of plates can be music to our ears," he elaborates.

A large number of plates will have to shatter, however, if the business is to avoid a repeat of its own broken fate.

Shareholders' funds in the new venture now amount to £300,000. The Midland Bank has authorised a facility of £120,000 this year, of which £12,000 has been drawn since January 2. Coventry predicts that the group's net debt will reach £100,000 in the next six months and plans to hold borrowings to one-third of shareholders' funds.

Coventry and the others are now spending at least three days a week in Staffordshire. They say they will "dig in" at the factory until they are convinced the business is turning a profit.

Rosenhead claims that the mark of distinction for his group is its members' willingness to avoid "many layers of management" and to devote themselves to heavy personal involvement. "We are businessmen who like the satisfaction of working professsionally," he says.

"Besides," he concludes, "we have all spent our own money on these shares."

LOMBARD

Inflation still a threat

BY PETER RIDDELL

SPOT the figure which does not fit out of the following list: manufacturing output down 9 per cent, unemployment nearly 2½m, an underlying inflation rate of around 10 per cent and yields on long-dated gilt-edged stocks of more than 13¾ per cent. For the depths of the worst recession for 50 years and with a falling inflation rate there is something very odd about long bond yields at the current level, only ½ to ¾ of a point less than a year ago.

Medium term

Investors are worried about the inflation (and fiscal) outlook over the medium-term—and with good reason. Both Keynesian and monetarist economists agree that on present Government policies there is little chance of a further significant reduction in the inflation rate below the level of 8 to 10 per cent expected in late 1981 or early 1982.

● From the broadly monetarist side the London Business School has warned that, following the monetary overshoot of the last year, the inflation rate between 1982 and 1984 is likely to be [illegible] and 9½ per cent, more than [illegible] points higher than forecast last October.

● From the neo-Keynesian side the latest National Institute review forecasts that the inflation rate is likely to level out not far below 10 per cent, and that is after assuming a further sharp rise in sterling.

Similar conclusions are suggested by other recent forecasts. Indeed some City analysts (for example, Laing and Cruickshank and James Capel) have warned about the danger of a re-acceleration in 1982 back to a double figure rate of increase.

There is no shortage of [illegible] explanations. The monetarist analysis is, of course, in some disarray now. The theory that economic agents (you and me) alter their behaviour rationally is looking rather threadbare. This is mainly because it overestimates the rationality of Governments let alone of industrialists and trade unions. The more mechanistic monetarists who argue that because the rate of growth of sterling M3 has been in the upper teens the inflation rate must rise to this level are not really convincing. But the more "moderate" monetarists have a point in arguing that the monetary, and in particular, the fiscal, overshoot of the last year limits the scope for further progress in reducing inflation.

Other economists highlight the possible upward pressures on inflation from a falling pound, from companies' desire to restore profit margins and from higher world commodity and oil prices associated with a general economic upturn.

New mood

All the Government may have succeeded in doing is reducing the inflation rate to slightly above the 7½ per cent low point of the last inflationary cycle in 1978. And that is only after the Government itself contributed to the previous acceleration through the increase in VAT.

The Government can fairly point out that the inflation rate was anyway rising when it came to power and that the subsequent slowdown has been achieved without the help of subsidies, price controls or a formal wages policy. But there may still be suppressed wage pressures and a feeling of grievance because of the recession. The "new mood of realism" claimed by ministers looks rather fragile. The key question is whether wage claims are affected by the level of or the rate of change of unemployment.

The overall implication is that however much needs to be done to mitigate the social, and particularly the regional impact of the recession and of high unemployment, there is no room for any relaxation of the overall economic balance. Otherwise, as the London Business School pointed out on Monday, "there is a serious risk that the hard-won gains in the fight against inflation will be lost in the economic upturn."

Keeping clematis in good order

GARDENS TODAY

BY ROBIN LANE FOX

YOU HAVE to make up your minds about clematis. In the garden this week its varieties are shooting in all directions. They may have to be pruned. Many of them are also on sale in the garden centres as a prelude to spring. As they look easy to transplant from those bamboo canes and bags of black polythene, you ought to be tempted to try them out. What do they like and which are worth buying?

If in doubt about pruning, disregard my advice and do nothing at all. There is a reason for this, which does not bear on my reliability. It lies in the nature of the job. By mid-March, the urgent task is to cut down those summer flowering varieties which set their buds on young wood. By cutting them down, you may encourage more flowers and more of their young growths. But the aim, in the end, is only to strike a blow for neatness and order.

If left alone, these sorts of clematis will sprout like any other, but they will send their new growth up from the top of last year's stems and will vanish up a wall or into the gutter. They bear their flowers in a tangle at the top of the plant, bunching their buds until they cannot open fully.

Perhaps you remember those heavy masses of purple-blue flowers on the August-flowering jackmanii variety, still one of the best that you can buy. They hang in thick tangles from the trelliswork beside suburban porches or ramble over the entrances to thatched cottages. In either case, they have not been properly pruned. They have lost their leaves on the lower three or four feet and have run up to a knotted mass of top growth, half of whose flowers are cramped or hidden. To put this right, you have to strike immediately.

You must find out, first, if your clematis belongs to the jackmanii or viticella group. If the latter, it will flower from July onwards and will have medium or smallish flowers. Some well-known examples may help you. An attack in early March is the proper policy for mauve-pink Comtesse de Bouchard or lovely deep red Ernest Markham. Shell pink Hagley hybrid and pearl-white Huldine are also due for a cut. So is Perle d'Azur, the pick of the pale blues and an essential clematis for any serious garden. Dark red Ville de Lyon is also best if pruned immediately.

Why bother? Tidiness is one reason and the encouragement of young growth is another. If you grow these hybrids on a wall behind a tall border, I suppose that you might not object to the absence of leaves on the lower stems and the profusion of flowers on the top. Elsewhere, you would prefer order and a well-pruned shape. This preference allows you to use your clematis in many less usual ways.

If you can control their height and space out their flowers, you should try out those plantings on wire netting or tripods of upright trellis which we sometimes read about but leave to the energies of grand gardeners. In fact, they are easy ideas and particularly useful if you have an ugly tree stump or if your border is short of height.

Over the tree stump and a few feet of surrounding grass you should stretch an area of wire netting or that green plastic mesh whose holes are quite widely spaced. You can support the net like a trampoline on wooden pegs a few feet above the ground. The clematis can then be grown horizontally across it so that the flowers look up at you like those picked bunches which float on bowls of water indoors.

I hope you will hesitate before trying this trick on oddities like unused cartwheels. There is a fashion for putting rustic frills into a lawn in order to grow a clematis over them. Nelly Moser on a thatched well head is not my idea of harmony in the Home Counties. I doubt if Lady Betty Balfour was ever at her best when doing a cartwheel.

In the garden, keep the frame or the wiring as simple as possible. The larger-flowered clematis are handsome enough in their own right.

You see, of course, why this style is suited to the varieties which are due for pruning in March. You cut your clematis back to the lowest pair of buds at this time of year and you control their growth and the spacing of the flowers so that they do not exceed the wire or support which you offer.

This attention will not stop a minor fault in the family. By late summer, the lower leaves on many varieties, perhaps especially those with reddish flowers, will begin to wither and turn brown. This troubles many gardeners, but it is only a fact of life. The early leaves are the lowest and will die first even if you feed the plant devotedly. No pruning or watering can stop this. There is no harm in it.

A variety like the pink Hagley hybrid is suited to a narrow support on a horizontal plane, while the Ernest Markham can be spread more widely over some four or five feet. In full sun I would avoid the favourite Nelly Moser because her contrasting colours of pink-mauve and rose will fade away.

The late violet-blue Lady Betty Balfour is a wiser choice, as her September flowers are encouraged by full sunshine in the tail end of the season. Last year, I found that her buds had been spoilt by some unidentified visitor. At first, I blamed a new form of white fly on my young plant, but one evening I found that the culprits, instead, were earwigs, a common foe of succulent clematis. Evening is the hour to catch them, between dinner and the television news. They feed at night, so you can surprise them by torchlight after you have seen to your own appetite. After picking them off, spray the leaves with a combined pesticide or any brand containing the effective Sybol. On the horizontal, earwigs are even more of a nuisance, perhaps because they have less far to climb.

One of my favourites, finally, among the new varieties is a plant which ought to be pruned back now. Niobe, I think, derived from Poland through a customer of Fisk's Nursery, Westleton, Saxmundham, Suffolk. She is a jackmanii type, flowering in late June and now is the time to cut her down. Her flowers are a very dark red at first, almost black, but not in the least "all tears and sadness," like her mythical namesake. She grows and flowers very strongly and I like the contrast of the golden stamen in the centre of her dark flowers. Anyone can grow her on a wall or over wire.

The newer clematis are not always better, but Niobe is one to order if you feel in the mood for a change and like the idea of a dark red clematis against walls that face west or east.

Nelly Moser: not always the best choice.

Storm Bird odds cut to 2-1 for 2000 Guineas

RACING

BY DOMINIC WIGAN

SPECULATION on the outcome to the 2000 Guineas livened up yesterday for the first time since the Storm Bird incident when the Tote's odds on the Classic reappeared.

The offered odds of 5-2 against the Irish colt were taken, leaving 2-1 the current price, but perhaps of more significance was the interest in the second favourite, To Agori Mou. The Guy Harwood-trained bay was the subject of a single bet of £5,000 each way at 5-1 and is a top-priced 4-1 to succeed where Young Generation so narrowly failed after a training setback.

Harwood, in contrast to Vincent O'Brien with Storm Bord, will be concentrating almost exclusively on lifting the 2000 Guineas with his stable flag-bearer. He continues to radiate confidence.

Only last week the Pulborough trainer reconfirmed that To Agori Mou continues to show himself a better proposition than Ela-Mana-Mou at similar stages in his career.

To Agori Mou heads the 20 British entries for August's Arlington Million at Arlington Park, Chicago. Surprisingly, Storm Bird (rated a pound ahead of the Sussex colt in the Tote Free Handicap) is not among Mr. Robert Sangster's seven entries at the initial $1,000 stage.

In view of that owner's much publicised enthusiasm for the Arlington Million the absence of Storm Bird's name from the list of 276 entries is sure to be a disappointment to Mr. Joe Joyce, the race promoter and Arlington Park president.

Among the entries for the August 30 race are other 2000 Guineas hopes—Beldale Flutter and Bel Bolide. Neither has attracted more than the minimum of Newmarket support in recent weeks. Beldale Flutter is top priced at 25-1 by Playboy; while Bel Bolide is quoted at 40-1 with all the leading layers.

On the 1000 Guineas front Ladbrokes have made Fairy Footsteps a 14-1 chance after prolonged interest in the Warren Place filly. She is third favourite with them, behind Tolmi and Marwell. Kittyhawk is preferred to Fairy Footsteps with the other major firms.

TV/Radio

†Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.01 For Schools, Colleges. 3.00 Speak for Yourself. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School (As BBC2 11.00 am). 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Take Hart. 5.00 Newsround. 5.05 Break in the Sun. 5.35 The Perishers.

5.40 News.
5.55 Regional News Magazine and Nationwide.
6.20 Nationwide.
6.55 Triangle.
7.20 The Wednesday Film: "Don't Just Stand There," starring Robert Wagner.
9.00 News.
9.25 Sportsnight.
10.50 Parkinson.
11.50-11.55 News Headlines.

All Regions as BBC1 except as follows:

CYMRU/WALES — 10.30 am I Ysgolion: Daearyddiaeth. 11.02-11.22 I Ysgolion: Ffenestri. 1.45-2.01 pm Mister Men. 2.18-2.40 I Ysgolion: Hyn O Fyd. 5.05-5.35 Break in the Sun. 5.55-6.20 Wales Today. 6.55 Bugs Bunny. 7.05 Heddiw. 7.35 Antur I'r Andes. 8.05 Triangle. 8.30-9.00 Cousins, Family and Friends. 11.50 News Headlines, News and Weather for Wales.

SCOTLAND — 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.50 News Headlines, News and Weather for Scotland.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News Headlines, News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
11.00 Play School.
4.50-5.15 pm Open University.
†5.40 Charlie Chaplin in "The Jitney Elopement."
6.10 The Master Game.
6.40 Open Door.
7.10 Mid-Evening News.
7.20 The Glazebrook Touch.
8.05 Muggeridge: Ancient and Modern.
9.00 M*A*S*H.
9.25 The Life and Times of David Lloyd George.
10.25 Levin on Figaro.
10.45 Newsnight.
11.30 Embassy World Indoor Bowls Championship.

BBC2 SCOTLAND ONLY—1.15-1.45 pm Cearcall.

LONDON

12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Fantasy Island. 3.45 Movie Memories. 4.15 Dr. Snuggles. 4.20 Runaround. 4.45 Brendon Chase. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Starburst.
9.00 The Kilnsey Show.
10.00 News.
10.30 Snooker: International Masters Tournament.
11.40 Enterprise.
12.10 am Close: "Sit up and Listen," with Jack Peel.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Jobline (comprehensive guide to job seekers in the East Anglian region). 1.20 pm Anglia News. 2.45 Story Hour. 3.45 The Entertainers. 6.00 About Anglia. 11.40 Paris by Night. 12.10 am The Big Questio: "What we learn from the temptations in the wilderness?"

ATV

1.20 pm ATV News. 2.45 Engelbert Humperdinck in Concert. 5.15 Survival. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 11.40 ATV News. 11.45 Late Night Country Music: Dolly Parton.

BORDER

1.20 pm Border News. 2.45 The Love Boat. 5.15 University Challenge. 6.00 Lookaround Wednesday. 11.40 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's on Where and Weather. 2.45 Star Parade. 5.15 University Challenge. 6.00 Channel Report. 10.28 Channel Late News. 11.40 Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 The Love Boat. 5.15 Batman. 6.00 North Tonight. 11.40 Musical Special. 12.10 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live from Two. 2.50 Family. 5.15 Welcome Back, Kotter. 6.00 Granada Reports. 6.25 This Is Your Right. 11.40 Rockstage.

HTV

1.20 pm HTV News. 2.00 Houseparty. 2.25 "Louis Armstrong—Chicago Style," starring Ben Vereen. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 11.40 Superstar Profile.

HTV CYMRU/WALES—As HTV WEST except: 12.00-12.10 pm Fialabalam. 4.15-4.20 Pinocchio. 4.45-5.15 Streeon Y Byd. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News Headlines and Road Report. 2.45 Certain Women. 5.15 Pet Subject. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toye's Talk Back. 6.30 Talking Scots. 11.40 Paris by Night. 12.10 am Late Call.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Fantasy Island. 3.20 Survival. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-Week (South East Area only). 11.40 That's Hollywood.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.46 Danger U.X.B. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 11.40 Camera. 12.10 am Women's World of Prayer.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.40 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Star Parade. 5.15 University Challenge. 6.00 Westward Diary. 10.31 Westward Late News. 11.40 Faith for Life. 11.45 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Lifeline. 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions). 11.40 Paris by Night.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave only

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

VHF RADIOS 1 AND 2—5.00 am With Radio 2. 8.00 pm Listen to the Band (S). 8.30 Alan Dell with Dance Band Days (S). 9.00 The Songwriters (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S). 4.00 Much More Music with David Symonds (S). 6.00 John Dunn (S). 8.00 European Soccer Special. 9.30 The Songwriters (S) (joins VHF). 9.55 Sports Desk. 10.00 Wit's End. 10.30 Sue MacGregor says Be My Guest. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer: Stravinsky (S). 10.00 Music for Organ (S). 10.35 Schumann: Chamber music recital (S). 10.50 Light Music Miniatures (S). 11.50 Haydn and Mozart: Concert (S). 1.00 pm News. 1.05 Concert Hall (S) 2.05 Music Weekly (S). 2.55 Schumann and Debussy: Piano recital (S) 4.00 Wordsworth: The Prelude (abridged reading). 4.25 Mozart and the Violin. 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 By the Water (short story). 7.30 St. David's Music Week: Concert, Part 1 (S). 8.25 Six Continents. 8.45 St. David's Music Week, Part 2 (S). 9.40 Pablo Casals plays Bach. 10.00 Caxtons are Mechanical Birds. 10.45 Two Schubert Songs (S). 11.00 News. 11.05 Piano Nocturne (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week: Russel Harty's People from Blackburn, Lancashire. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours 12.27 Frank Muir Goes Into . . . Laziness (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour visits Lancaster. 3.00 News. 3.02 Afternoon Theatre. 3.50 Zoo Talk with David Taylor. 4.00 Choral Evensong (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 The News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Person to Person: Robert Runcie, The Archbishop of Canterbury. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 There Were Giants in those Days. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 The News. 5.15 Music on the Move. 6.33 The Name of the Game. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life (includes feature on Jazz). 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.0 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,510

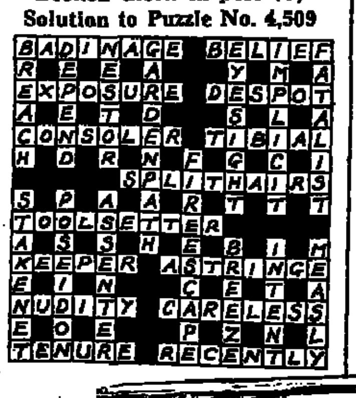
ACROSS

1 Mend a stone (6)
4 Blackguard with first-class return in palm (6)
8 I'm lamed badly and in a predicament (7)
9 Rock turned round in grate outside (7)
11 Fundamentals of business making metal fasteners (5, 5)
12 Airman he follows in pain (4)
13 Move furtively with learner in team (5)
14 Gold coin brought out by Corsican in card-game (8)
16 A set-back or defeat (8)
18 Pole with 12 in 7 (5)
20 Courage needed on icy roads (4)
21 Have skill in downward motion that's glowing (10)
23 Type turning pole for a bull-fighter (7)
24 Short competition before one who introduces acts (7)
25 Note the direction to restrain within certain limits (6)
26 A way to irritation and pain (6)

DOWN

1 Credit that is right for announcer (5)
2 Happy although accursed (7)
3 Immense boundary over minor (9)
5 Distinctive characters in gold on Abyssinian prince (5)
6 Bird and devotee to follow (7)
7 Cut of beef that's HB1? (9)
10 Scarcely sufficient fish in a small portion (9)
13 Shoot to make money in plant (9)
15 Write note on price for festival (9)
17 Copy passages from former pamphlet (7)
19 Strutting chief going over mine in battlefield (7)
21 A bit of garlic left in bay (5)
22 Broken thorn in pole (5)

Solution to Puzzle No. 4,509



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. ... BALLET. ... Rudolf N... JULIET.

COVENT GARDEN. ...

SADLER'S WELLS THEATRE. ...

LONDON PALLADIUM. ...

PHOENIX. ...

THEATRES

ADELPHI. ... ALBERY. ... ALDWYCH. ... AMBASSADORS. ... ARTS. ... COMEDY THEATRE. ... CRITERION. ... DUKE OF YORK'S. ... DRURY LANE. ... GARRICK. ... GLOBE. ... GREENWICH THEATRE. ... HAYMARKET. ... LYRIC. ... NATIONAL THEATRE. ... NEW LONDON THEATRE. ... OLD VIC. ... PALACE. ... PALLADIUM. ... PICCADILLY. ... PRINCE EDWARD. ... PRINCE OF WALES THEATRE. ... QUEEN'S. ... RAYMOND REVUEBAR. ... ROUND HOUSE. ... ROYAL COURT. ... SHAFTESBURY. ... ST. MARTIN'S. ... STRAND. ... TALK OF THE TOWN. ... VAUDEVILLE. ... VICTORIA PALACE. ... WAREHOUSE. ... WESTMINSTER. ... WINDSOR DAVIES ... WYNDHAM'S. ... YOUNG VIC. ...

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Television

The news behind the views by CHRIS DUNKLEY

Last week I had the thankless experience of being told to my face by members of the public that television news was much more reliable than newspapers. It was not the first time I had heard such claims, of course, but as a newspaperman I still find it irksome. The occasion was Granada's Wednesday afternoon magazine programme *Live From Two* chaired by the versatile Shelley Rohde (her book about L. S. Lowry was the basis for the recent programme *A Private View*). The series seems, on brief acquaintance, to be admirably varied compared to some of those that come out of the metropolis, and this edition consisted almost entirely of a discussion about Monday and Tuesday nights' television between four of us "on the platform" and members of the public who filled the rest of the studio.

From the audience the familiar points were made about television news vis à vis newspapers: "With television you actually see things happening with your own eyes, don't you?" and "Television doesn't seem to take so much of a point of view, it just tells you things as they are." Coverage of the SAS operation at the Iranian embassy was adduced to illustrate "actually seeing things happen," and my objection that it was a prime example of not knowing *what* was happening brought the response that "You could tell *something* was happening and that was exciting in itself."

Peter McEnery

As with so many discussion programmes, however, most of the points I should have made occurred to me in the train on the way home. For instance, the biggest news story of the week was the royal engagement which seems to have come as a great surprise to television news, which is not to say we were left in any doubt that it had happened. On *Nationwide* Frank Bough interviewed a young man from the Spencer circle named Harry Herbert. He said how super Lady Di was. The London correspondent of an Italian newspaper explained the Continental fascination with Prince Charles's love life: "'E is an outspoken 'eterosexual!"

Hugh Scully sampled the vox populi in the snow outside Buckingham Palace, and on *Newsnight* we heard from the headmistress of the kindergarten about Lady Diana's tea-making capabilities. We also heard a bedazzled John Tusa promise us "Tonight's headlights once more" before *Newsnight* ended on a note both schmaltzy and bizarre with Lady Diana's granny, Barbara Cartland, singing "Goodnight Sweetheart."

My point about these odds and ends is that all of them could have been, and probably were, prepared on the day. So given that this engagement had been on the cards for months, where were the meticulously researched background reports on the Spencer family, and on Lady Diana in particular? Nowhere—unless they managed to evade me and my video recorder, which is possible but unlikely.

It seems that television was scarcely any better prepared for this news story than it was for the death of John Lennon. Television's standard response to such events is the minestrone effect: swamp everything in a shallow soup of oddly assorted bits and pieces for about 12 hours, and forget any ideas of depth or quality.

Had I had a decent train journey's worth of time to think before responding I might also have put it to the studio audience, as tactfully as possible, that when they talked of television news being more reliable and less slanted they were thinking not of this newspaper and its ilk, assuming it has any, but of cheaper and more (literally) vulgar publications—the very ones that most viewers choose to buy. If television were ever to find itself free enough to launch a news service comparable in tone to the popular Press I have little doubt that its viewing figures would rapidly overtake those of BBC News and ITN.

In order to stay within the rules (BBC or IBA), and yet adopt a decided editorial attitude, television has to dress up its reportage in different clothes, a technique at which, I am happy to say, it is increasingly successful. Obviously the result is not hard news: the method is not easily adaptable to anything entirely topical. Nevertheless it is entitled to call itself journalism, and journalism with a particularly human face. These days there are usually several examples in any week.

Last week they included Tony Perrin's "Play For Today" on BBC1, *The Union*, which explored the ETU scandal of the late 1950s when a Communist cabal methodically rigged the ballot in order to get a comrade elected to the post of union secretary. Perrin chose to tell the story from the point of view of Les Cannon, himself originally a Communist who—like many another—came to his senses after Hungary and Kruschev's admissions about Stalin.

Cannon was in the classic heroic position of the little man who recognises the corruption of the organisation in which he works, turns against it, and is expelled and forced either to give up or fight the entire system. Cannon not only fought but won, and even as fiction it would have been a powerful and engrossing play.

Quite remarkably it remained engrossing even when it went in some detail into the political dialectics within the British Communist Party. This worked because Ian Hogg as Cannon and Nigel Stock as Harry Pollitt put a lot of effort and passion into ensuring that the sentiments emerged from within their characters instead of simply being draped over the outside.

Neither Perrin, nor presumably producer Innes Lloyd or director Ronald Wilson, intended anyone to be in any doubt about the reality of the saga: they used the current affairs/documentary technique of narrative in voice-over and, towards the end, a longish black and white extract from the archives showing John Freeman grilling the real ETU secretary Frank Foulkes even though he had been portrayed in the play by Reginald Jessup.

Ritual objections will no doubt be made to this mixture of fact and fiction, arising from the tacit assumption that there is some foolproof litmus test to prove whether a thing is "real" or invented. Many more producers could emulate Granada's drama-documentary unit which is assiduous in providing precise explanations of what has been attempted and how.

Yet it seems to me that whatever you do by way of a preface, in the end the demands made on the public by this sort of television journalism will be remarkably similar to those made by the popular Press: you have to learn who you can believe and to what extent, when to take a pinch of salt, where to read between the lines, and how to combine views from one source with those from another to give a better all-round picture.

Even as they read this some people will still be insisting that news is news and views are views and never the twain should meet. It is of course useful to have a television enclave marked "News" where more effort than usual is made to keep the two apart, however forlorn that effort in view of the susceptibilities of the staff — conscious and otherwise. But in newspaper terms television news is merely that outside left-hand column on the FT's front page: much journalism must of necessity go on elsewhere.

In David Edgar's play *The Jail Diary of Albie Sachs* on BBC 2 Peter McEnery portrayed Sachs, who is a real man, during his imprisonment without trial under South Africa's appalling 90-day rule in the 1960s. On the following programme, *Newsnight*, Sachs himself said that some details were inaccurate but praised the play for getting the spirit right.

Dick Fontaine's ATV programme *I Heard It On The Grapevine* set out to be opinionated or "slanted" since it followed James Baldwin back to the southern states of the U.S. where he and so many others fought for civil rights 20 years ago, and deliberately canvassed one particular set of opinions. Some were rendered inaudible by very indifferent music, but the main message came through: that even those laws which *were* changed had made at best superficial differences.

To many that will have been news, and more significant news than the engagement of any two people, however exalted and however much nearer to home. Yet before its due credence could be judged it demanded from the viewer far greater background knowledge than the royal story which, since it might just as well be fiction, needs virtually none.

Six new productions for English National Opera

English National Opera, with the help of its first sponsorship arrangements, will mount six new productions for the 1981-82 season.

The highlight will be *Tristan and Isolde* conducted by Reginald Goodall and produced by Glen Byam Shaw and John Blatchley who conceived the acclaimed ENO Ring cycle ten years ago.

The cast will include Alberto Remedios (Tristan), Linda Esther Gray (Isolde), Norman Bailey (Kurwenal) and Felicity Palmer (Brangane).

The production, sponsored by English National Opera Trust, will open the season at the London Coliseum on August 8.

It will be followed by a new production of Monteverdi's *Orfeo* conducted by John Eliot Gardiner with Anthony Rolfe Johnson in the title role.

Barclays Bank is sponsoring a new version of Verdi's *Otello*, produced by Jonathan Miller, conducted by Mark Elder, and using Andrew Porter's translation.

The once-popular, now-neglected Charpentier opera *Louise* reappears in October in a Colin Graham production shared with Liege with Valerie Masterson in the title role and the French conductor Sylvain Cambreling.

Mark Elder will conduct Debussy's *Pelleas and Melisande*, the first time for many years the work has been given in English, and also the last of the season's new productions—*The Flying Dutchman*.

With Norman Bailey as the Dutchman and Josephine Barstow as Senta, the production will be in one act as Wagner intended. The production, by David Pountney, is being sponsored by the Friends of English National Opera.

Royal Court

Faith Healer by MICHAEL COVENEY

It has taken two years for Brian Friel's elegiac, resonant and beautifully written play to reach London. New York, Radio 3, Dublin and now Sloane Square. Four separate monologues delivered by three actors tell, suitably enough, of a homecoming. Frank Hardy is a Limerick-born travelling faith healer blessed with a vocation but no ministry. For 20 years he has practised his ambiguous art in dying Welsh villages and remote Scottish crofts. On one famous night in Glamorgan he has cured ten people of everything from blindness to polio. Is he a tatty vaudevillian, a drunken mountebank or a latterday apostle?

The play leaves the question open, but suggests that he meets his Waterloo in a vividly constructed wedding party in the backyard of a Donegal pub. From three descriptive points of view we hear about this incident; about the Welsh triumph, balanced, like all the events, between the absurd and the momentous; about a row in Norfolk between Frank and his wife (whom he embarrasses in public by labelling his mistress); and the death of their child on a lonely road in Kinlochbervie when the car has broken down and Frank, as usual, is laid out on the back seat in a drunken stupor.

Kandis Cooke's superb design is a structure of rafters that, that, starting in the roof, moves down through 90 degrees before disappearing for Frank's final monologue. From the start, the story is told in the ravaged voice and sunken eyes of the incomparable Patrick Magee. He draws us into a twilight world of mystery, failure and precise geography. Like the Ancient Mariner, he fixes us with a gimlet stare as he relates how those who turn up in the wind and the rain have done so to have their incurability confirmed. He is unspoilt by illusion or righteousness. He was helpless at the death of his mother.

Next, it is Helen Mirren's turn to play the wife, an ageing exhausted appendage who knew moments of joy and troughs of despair. After a middle-class background and a training in law, she has received a devastating insight into her father's hypocritical disapproval of Frank, recalls the impulse to assault him with obscenities. Frank's special magnificence has failed their relationship, however, and she sits alone, drinking, in a London room.

After the interval, the director Christopher Fettes plays his master stroke. The casting of that marvellous Joan Littlewood stalwart, Stephen Lewis, as Teddy, Frank's agent and showbiz sidekick, is nothing short of inspirational. The evening flares in Mr. Lewis's profoundly comic display. Surrounded by bottles of Guinness, Teddy plays on his gramophone the song we heard earlier, Jerome Kern's "The Way You Look Tonight."

Lean, gaunt, overweeningly confidential, Teddy carries with him the full rancid aroma of a night on the halls. Frank's act for him was the last throw in a dismal career spent with piping whippets and brainless star turns. Frank was good, he says, when his brains left him alone. When the front axle went in Kinlochbervie and that black baby was born, Teddy was the one who dug the hole and erected a simple white cross in the field. His prize whippet, refusing to fulfil his obligation as stud, had left him with an unpaid bill for his dead mother's memorial stone.

The past and the future weave in and out of this hypnotic tale like the ebb and flow of the tide. No great claims are made for Frank's talent beyond recounting what happened. The return of the native is seen as an occasion for morbid celebration. The cost to humanity, in the real terms of human life, mounts up.

A stunning play, performed with love and rare artistry. Mr. Friel's rehabilitation in London should be complete when his Irish success of last year, *Translations*, at last surfaces in Hampstead in May.

Hugh Routledge

Helen Mirren

Paris exhibition

Realism in architecture By GILLIAN DARLEY

The giant "Realismes" exhibition in Paris (at the Centre Georges Pompidou until April 22) is an attempt to pin down a perceived artistic impulse in a fixed period. In the section largely devoted to painting (though photography, sculpture and literary relics play their part too) the organisers' job was not too hard. Realism in one form or another (and there are many) was a counterweight in the visual arts. The *avant garde* had first altered the visual perception of the viewer towards the object, then it sought to alter the mental perception. From cubism to the white canvas the subject matter was in retreat—but while it was a revolutionary path, it was not the only one and the exhibition presents a rich diversity of material in another vein, in which the subject matter remains "intact"—however varied the response between one individual artist and another.

Such categories as abstraction and realism — tailored for the visual arts — do not so happily fit the fields of architecture and design. It is here that the separate section of the exhibition, that organised by the Centre de Creation Industrielle, seems to fail. What is "realism" in architecture—or design?

It might be the propagandist return to Imperial Rome, a kind of brute neo-classicism, that the designers of Mussolini's EUR or Albert Speer had turned to. Alternatively it might be the consumer - orientated "Style 1925" (Art Deco) which ruled the area of cinema or ocean-going liner interiors and governed the lines and ornamentation of furniture for some years. The organisers have opted to concentrate largely on the former, and where they deal with the latter, the picture becomes confusing (though the material on display is no less interesting for that).

The CCI have planned their section in a far more exclusive interpretative way than their colleagues in other areas of the exhibition. Only France, Germany and Italy are examined to any extent—Britain and the U.S. not at all.

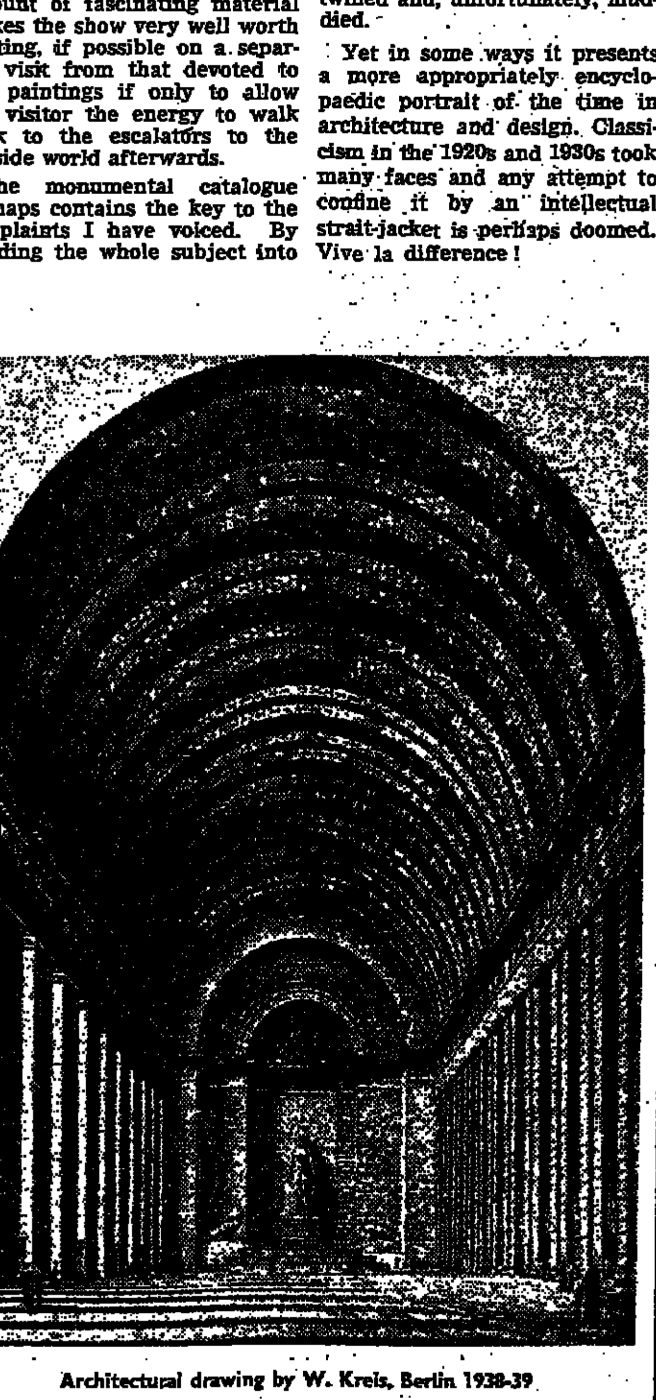
There is no doubt that the buildings and design of the two rising fascist regimes are a clearly-defined, and fascinating, area, conjuring up totalitarianism most vividly in their architecture and trappings. The style that Germany and Italy both admired at this period is ironically enough that which, fortunately confined to pastel-tinted drawings as yet, has been a chilly aspect of recent fashionable theoretical architecture. Versions of the EUR or Sabaudia New Town abound on the walls of end-of-the-year architectural school exhibitions, or the covers of magazines, but the resonance of the style of the Roman Emperors and the 20th century *dictators* seem *to be* lacking. (It is de Chivico who stands in the wings there.) It was no accident, after all, that the Italian fascists took as their insignia the bound rods and axe of the classical fasces or that the Germans borrowed a symbol even more ancient, the Nordic cultural symbol of the sun's passage, the swastika.

Yet there are wider implications than mere stylistic ones that seem to have been overlooked or excluded from the exhibition. No one needs to be told that the Nuremberg stadium or the replanning of Berlin were acts of magalomania. Yet the fascinating links between the garden city idea in Britain and its application, the style matching the aspirations, in nationalistic Germany in the period under discussion could well have been explored. Conversely both Britain and the U.S. have their share of despotic buildings from the 1920s and 1930s but they fit these arguments less neatly.

The overriding wish to link the political climate with certain aesthetic impulses (but by *no means all*) *has* interrupted the thematic flow in the exhibition. Nevertheless the large amount of fascinating material makes the show very well worth visiting, if possible on a separate visit from that devoted to the paintings if only to allow the visitor the energy to walk back to the escalators to the outside world afterwards.

The monumental catalogue perhaps contains the key to the complaints I have voiced. By dividing the whole subject into a series of essays, often with portentous titles disguising some fairly basic truths, the themes are separated on the printed page. The Front Populaire ("un moment privilégié d' élan et d'effervescence" as it is attractively described), the various exhibitions which signalled the phases of cultural interest as they were perceived "officially," the luxury of Lanvin's bathroom or the Normandie interiors, together with the topics discussed above, fall into place on the page within the confined areas of the exhibition space and with the rich embarrassment of material these threads become inextricably entwined and, unfortunately, muddied.

Yet in some ways it presents a more appropriately encyclopaedic portrait of the time in architecture and design. Classicism in the 1920s and 1930s took many faces and any attempt to confine it by an intellectual strait-jacket is perhaps doomed. Vive la difference!



Architectural drawing by W. Kreis, Berlin 1938-39

Concert tour for winner of Leeds Piano contest

The winner of this year's Leeds International Pianoforte Competition, which takes place from September 7-19, will receive a new additional prize of nine appearances with the English Chamber Orchestra, conducted by Sir Alexander Gibson, on a concert tour in October sponsored by Harveys of Bristol.

The tour, worth £2,500 in fees to the winner, is in addition to the first prize (£2,000) and Princess Mary Gold Medal, the Steinway Model "O" Grand Piano (£8,500), presented with assistance from The Friends of the LIPC, and other national and international engagements (totalling approximately £55,000) available to the winner.

A Gainsborough for Kenwood

A painting by Thomas Gainsborough, *Horses Watering at a Stone Trough*, which has recently returned to Britain after more than 50 years in America, is to be loaned to the Greater London Council by the British Rail Pension Fund for display at Kenwood. This landscape will join other important works by Gainsborough already at Kenwood.

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The need for a stable France

FRENCH VOTERS have a way *of registering their protests in* opinion polls and in the first round of their two-stage elections. In the second, decisive, round, they tend to play safe. Before the National Assembly elections of 1978 the indicators pointed to a victory of the Left: in the event, the second round gave the united Left 49.3 per cent of the votes as against 50.5 per cent for the so-called Majority, consisting of the Gaullists and the party of President Valery Giscard d'Estaing, the UDF.

A somewhat similar pattern may be emerging for the Presidential elections to be held, again in two stages, on April 26 and May 10. M. Giscard d'Estaing, who a few months ago looked a certain winner, *has been slipping in the polls.* The status of one opinion poll, which actually put him behind his main opponent, the Socialist M. Francois Mitterrand, is doubtful: but there is no doubt that the gap has been narrowing.

Unemployment

There are perfectly cogent reasons why that should be the case. French economic growth, a decade ago the wonder of Europe, has declined steeply. For this year the OECD forecasts a rate of 1 per cent. The number of unemployed has risen above 1.6m, and some of the most illustrious names in French industry are in trouble. A mildly reflationary budget has been introduced, but M. *Raymond Barre, the Prime* Minister, has been throwing out hints that real incomes may have to decline if France is to get the better of inflation and of a current account deficit of almost \$8bn last year.

President Giscard d'Estaing not only has the economic doldrums to reckon with. His period of office has coincided with several scandals. The allegation that he or his family received improper presents of diamonds from the ex-Emperor Bokassa has never been fully cleared up.

Besides, seven years in office have caused wear and tear: the reformist, youthful image which the President originally presented has been replaced by something more conservative, less imaginative, and quasi-regal. M. Mitterand, for his part, also has a very obvious personal problem. He is a two-time loser, having been defeated narrowly by M. Giscard d'Estaing in 1974 and by the late M. Georges Pompidou in 1969.

Both candidates share a problem in the shape of a potential ally who will run under his *own colours in the first round.* In the case of the President it is M. Jacques Chirac, the Gaullist, who has been belabouring the Government for its liberal, internationalist economic policies. In the case of the Left it is M. Georges Marchais, the Communist leader, who has returned to Moscow's fold and has not been ashamed to play on anti-immigrant feeling among the unemployed.

The colour of a Government under a possible President Mitterand is hard to predict. He would presumably dissolve the National Assembly and await the results of the ensuing election. That could, but need not, lead to a revival of a Socialist-Communist alliance—not a pleasing prospect given the *mood of M. Marchais. But M.* Miterand could also look for support elsewhere, perhaps even among disaffected Gaullists. He is not an extremist, though he does stand well to the left of, say, the German Social Democrats. He will not call for unilateral disarmament, or abandon the French role of independence within the western alliance. Nevertheless, his accession would bring another incalculable factor into an already unsettled Europe.

President Giscard, in order to win, will have to drive a hard bargain for Gaullist votes in the second ballot. He may therefore be expected to continue standing for a French nuclear force and for an active French role in world affairs.

Order

That would only be running true to form. Giscardian France sees itself as a force for order in Africa; it maintains a naval *force in the Indian Ocean; it* has pressed Europe to play its part in finding a solution for the Middle East. While stoutly defending its national sovereignty, not always to the delight of its friends, France has been in the van of the drive for closer political co-operation among the members of the European Community.

The Bonn-Paris axis has been a main element in that co-operation. The German end has been weakened by the political troubles that Herr Helmut Schmidt, the Chancellor, is *undergoing at home.* Elsewhere Italy remains as unstable as ever. Britain, in spite of brave calls for a greater world role, is primarily preoccupied with its economic woes. A period of political uncertainty in France would seriously weaken the effort to give Western Europe a more pronounced identity

How to help the elderly

IN THE hurly-burly of everyday political battles, it is easy for governments *to lose sight of* great social changes which, like glaciers, are slowly but irresistibly cutting through the established structures of society. So the Government's publication of a White Paper, which it describes as "the first comprehensive review of all the issues which determine the well-being of older people" in Britain, is an important, and welcome event.

The increase from 11 per cent in 1961 to 15 per cent today in the proportion of the population above the age of 65 in Britain has implications for many aspects of public policy. The most obvious is the steady increase in the burden of supporting the retired population. Even though the proportion of the population above retirement age is now reaching its peak, the cost of supporting them will continue to grow. The earnings-related state pension scheme will only become fully operational in 1999. Even before then, there will, rightly, be further demands for improvements in the living standards of the elderly which, in many cases, are still totally inadequate.

Living standards

The fact that 17 per cent of public expenditure now goes on *national insurance* and supplementary pensions, and a large part of the rest provides other services for the elderly, helps to explain why governments have found it difficult to achieve large cuts in overall *current* spending and to reduce the tax burden on the working peopulation. Most politicians share a desire to raise the living standards of the elderly—and to raise them by more than the growth rate of the economy as a whole. But those who wish to do so entirely by increasing state benefits must acknowledge that a *rising tax burden will* be required to pay for this. It is a welcome sign of growing political realism that some Labour politicians are now again prepared to talk about socialism being a policy not only of high public spending but also of high taxes.

The present Government, in rejecting the option of higher taxes, must seek other ways of helping the elderly to raise their *own living standards.* The White Paper points to several areas of policy where this could be achieved. Unfortunately action in these areas has so far been very limited and has shown *little sign of the strategic thinking* which the White Paper embodies.

There have been big improvements in occupational pensions in recent years, but much more progress will be required if private sector pensions are to succeed in making the elderly significantly less dependent on the State. The coverage of manual workers by good occupational schemes is still inadequate. Those employees who do have apparently good occupational schemes cannot rely on them. Much of the value of pension benefits is lost by any worker who changes his job and few private schemes provide protection against inflation.

Inequity

The recent report of the Scott Committee pointed the way forward on the question of inflation-proofing and it deserves serious consideration by the Government. The issue of non-transferability of pension rights has been neglected by the pensions industry for decades. It is one of the major impediments to labour mobility in British society as well as a source of grave inequity to many pensioners. A critical examination by Government is long overdue.

Greater flexibility in retirement ages and in the ability of pensioners to work part-time is another area of reform which should have appealed to the present Government. It is unfair and undesirable that pensioners who earn more than £52 a week should have their State pensions reduced, and the Government's failure to increase this earnings limit in line with inflation was a mistake. In principle *people who are healthy* and productive should not be forced to stop working simply because they have reached retirement age. The short-term exigencies of public spending and unemployment policies should not be allowed to block progress towards the Government's objective of helping the elderly to help themselves.

BL's £10m LAUNCH

Taking the Metro into Europe

By Kenneth Gooding, Motor Industry Correspondent

THE NEXT crucial test for BL's Metro, the model which means life or death for its volume car business, begins tomorrow with its European launch at the Geneva Motor Show.

It is the first time in five years, since the Rover saloons *were introduced, that BL has a* completely new car to present at this important European showcase. And during that period the company has fared as badly in the rest of Europe as at home. *Sales slumped to 82,500 last year from 140,000 in* 1976. To put that in perspective, Renault and Datsun each sold more cars in Britain last year than BL sold in Europe. BL's peak year for European sales was 1968, the year the car giant was created, when it sold 187,000 units to the Continent and had 3.6 per cent of the market.

Fortunately, BL's European dealers have not got into as much difficulty as some of their counterparts in Britain, nor have they *deserted* in great *numbers — there are still 2,000* of them, the majority selling only BL cars. But the company now faces the challenge of rebuilding its European sales if it is to retain any semblance of an *adequate network in the major* markets. BL's advantage here is that it still has its own distribution companies in the major markets.

Sir Michael Edwardes' strategy is already quite clear. The BL chairman sees the EEC as the company's "home" market and BL itself as a supplier of "rather special" cars. Only if his strategy succeeds will the group be able to maintain capacity at around 900,000 cars a year and be able to justify two car plants, Longbridge and Cowley, capable of building cars in some volume.

Mr. Tony Ball, chairman of BL *Europe and Overseas, and the* man masterminding the £10m launch, maintains: "We must convince the Continent that BL is having a product-led revival. The Metro has the technical merits which allow us to try. This is the opportunity to turn round a decade of decline."

The introduction of the Metro will not, by itself, work major *miracles in Europe.* But BL reckons it should be able to sell 100,000 Metros a year on the Continent, worth perhaps £300m. This would double BL's sales in Europe and also double output *of the vehicle at the Longbridge* plant in Birmingham.

If the Metro does, as Mr. Ball says, stop the rot for BL, the group will be able to follow up *this time next year* with the Triumph Acclaim, the model produced jointly with Honda of Japan, and 18 months later with the LM 10 medium-sized car for which it recently received more *State money.*

BL MARKET PENETRATION IN EUROPE

	France	Italy	Neth'lands	Germany	Denmark	Total*
1977	1.43	2.43	4.09	0.53	11.4	1.95
1978	1.46	2.91	3.60	0.47	8.2	1.81
1979	1.53	2.90	2.59	0.45	4.8	1.58
1980	1.39	2.53	1.91	0.37	3.0	1.32

* Share of the market in 15 countries on the Continent

For now BL is concentrating on Italy and France—two Continental markets in which it still has a reasonable dealer network and has maintained a noticeable presence in spite of past difficulties.

Mr. Ball says that BL's own dealers in Italy, mainly smaller operators with a good local following, "*are itching to get* the Metro." BL expects to build sales quickly to 30,000 a year, giving a market share of more than 1.5 per cent for the car.

The annual target for France is 20,000 Metro sales, a 1 per cent market share. The enormous demand for small, economic cars in France is borne out by the success of Renault's R5, which, with 15 per cent of total French car sales to itself, is in a class by itself. The R5 will be a major competitor for the Metro in all its markets.

Mr. Ball insists BL can price the Metro attractively enough in both France and Italy to get at least its targeted volume. "*Sterling is a great problem* but we are able to structure prices in all the Metro markets to *guarantee a sound level of* profit and still be competitive. We will be profitable in Italy and France. We will limit Metro supplies to any country where the price, because of competition, makes it only marginally profitable."

The high value of the pound over the past year has forced BL to reconsider some of its original targets for the Metro and some markets have been left off the list as a result. It is, however, still possible that the Scandinavian countries will get the car.

This aspect of the launch is perhaps best illustrated by the fact that in West Germany—to be competitive—the Metro must have a target retail price of only DM 10,000 (£2,200) compared with a starting price of £3,157 in Britain. Low prices like these are possible partly because of tax differences and partly because Metros can be produced very economically with the aid of Longbridge's celebrated robots.

Following the launch in Italy and France, the Metro will be made available during the next few months in West Germany, Belgium, Holland, Austria and Switzerland.

BL would dearly love to do better in Germany where it recognises that its dealer network needs strengthening.

If BL achieves the sales it hopes for on the Continent it will take Metro production at the Longbridge plant to more than 4,000 a week, compared with the nominal capacity of 6,500.

This not only reflects the decision to hold back from some potential markets because of the pound but also gives a hint about the leeway BL thinks it might need for new versions of the Metro, the addition of further countries to the current list or to meet extra demand should the estimates for Conti*nental sales prove over-pessimistic.*

BL has been monitoring the reaction of the Continental Press to the UK launch and believes the fuel economy message will be of great advantage in Italy and France.

It knows from experience *that the German Press will be* critical about some technical aspects, highlighting the fact that the engine and gearbox have been developed from units that are 20 years old.

The Geneva Show this week will give BL another chance to gauge public reaction. Obviously it cannot expect the almost-euphoric reception which greeted the Metro in Britain from a public seemingly desperate that BL should make good at last.

The Continentals are more than a little intrigued about the *little car but they have a* formidable choice of models in the same class, including not only the R5 but also Fiat's 127, the Ford Fiesta (which has 3 per cent of the French market) Volkswagen's *Polo* and Japanese competition from the Toyota Starlet and the Datsun Cherry.

At a time when new car sales throughout the Continent continue to decline, none of BL's competitors will happily give up market share. But Sig. Claudio Ferrari, the director responsible for Fiat's sales in several European markets, admitted that if the Metro was well-produced and reliable, there might be a place for it in the market. "It could help change BL's poor image on the Continent."

PARIS

Over coming a tarnished reputation

"THE METRO is just right for the French market. It will give us the chance to compete with the Renault 5, the small Volkswagens and the Fiesta."—a BL dealer in Paris.

"My wife had three Minis in succession. In the '60s and early *'70s it was the chic* second car to run. But she won't buy a Metro: she doesn't like the look of it."—a French executive.

These two statements sum up both the opportunity and the challenge facing the Metro in France. BL is injecting the sorely-needed new car into the part of the market where demand is strongest in France at present. But has the Metro the qualities to stand up to the opposition?

The point was put most strongly by a formerly exclusive BL agent whose main business today is based on the Renault franchise. The Mini, he says, was something different, a unique small car which carved out its own small niche in the market. Dealers and clients excused the Mini's faults—"and there were plenty," he remembers with a wry grin—because of its special characteristics. "But the Metro will be judged on the same grounds as its competitors."

Perhaps the biggest problem the car will have to overcome in France is BL's tarnished reputation for reliability. Even the new Rover, at least in its early days, hit a number of snags: failing in its electrical systems and power steering are remembered with irritation.

Some commentators also believe that the Metro's ageing engine will not help it in the French market. But it is widely felt that the car has a pleasing design, while some dealers say that it is better finished than most of its competitors. It is thought that *BL could use the new model* as the basis on which to rebuild its network in France, where the defections from Talbot are creating the best growth opportunities for importers in years.

Terry Dodsworth

ROME

Two factors in the key to success

THE SUCCESS or otherwise of the Metro in Italy is likely to be determined by two factors: its price and its availability. Enough has already appeared in the Italian Press—and most comment has been very favourable—to create a high level of interest among potential customers. According to Sig. Gian Antonio Gaiotti, commercial director of BL's biggest distributor, based in Milan and responsible for the *biggest markets of Northern* Italy, the car offers a real chance of big boost for BL's fortunes in Italy.

"Its lines are pleasing, its got lots of space and if the engineering isn't brand new, it's certainly well proven."

However in its three versions the Metro will be competing in the toughest sector of the market, where Fiat, the country's largest car manufacturer is very strong. The Metro will be fighting Fiats 127 and Ritmo (Strada), the Renault 5, the Autobianchi 112 and maybe even the VW Golf.

"For this reason the price will be very important," says Sig. Gaiotti. Equally important will be the availability of the model. Customer interest is likely to evaporate swiftly in Italy if cars are not available to meet orders. BL has assured its dealers that this time supplies will be adequate to meet demand.

Even so, BL's target of 20,000 Metros sold in Italy in the second half of this year may be slightly optimistic.

The story is much the same in Rome. A director of Collina, the main Leyland distributors in the capital, said he wished he had the car right now. Public curiosity is very high, but in so keenly fought a sector of the market, people are not going to wait indefinitely.

"With the Metro we can't keep people waiting 60 or 90 days. The car is a real opportunity for BL in Italy, but if they can't get the car at once they'll go somewhere else."

Rupert Cornwell

MEN AND MATTERS

No more brass for Fodens

Bill Foden did his best to put on a brave face, but there was no mistaking the sadness and bewilderment expressed by those few small shareholders in the crashed Cheshire truck-maker who turned up for yesterday's extraordinary meeting in London's Connaught Rooms to put Fodens Ltd. into voluntary liquidation.

For many of the shareholders, it was evidently being brought home for the first time that their equity really was wholly unsecured risk capital. Clinging on to the last of their power, they actually succeeded in raising a majority against a change of name to Denfo (Realisations), which would free the Fodens *name for* Canada's PACCAR, which had bought the company's assets; and the four voters against voluntary liquidation were only just outnumbered by the five in favour. When the meeting's chairman, John Stubbs, unveiled the several million proxies representing almost 96 per cent of the issued share capital cast in favour of *the motions, it seemed like just* another example of high-powered financial machination designed for the suppression of the small shareholders who had bothered to turn up.

Roy Adkins, one of the two liquidators furnished by Thornton, Baker, told of the company's proud history. Most of it is well enough known, from the incorporation in 1902 through to the 1975 City rescue package after heavy new plant investment ahead of a declining market left the group in dire *financial straits. What had not* been revealed previously, however, was how close the group came to joining France's state-owned Renault, which wanted the Sandbach plant to assemble its trucks. Studies made at the end of 1979 were "most encouraging." In May 1980, however, the French withdrew.

The only course left open was to turn again to the Department of Industry for a £4m to £5m *bridging loan.* That was, *said* Adkins, refused. And with quarterly losses running at £1.7m, the receiver was called in in July.

The company was, said chief executive Bill Foden, "a victim of the calendar." Murphy's Law, he argued, had applied all too rigorously in the company's latter years. Stock market tumbles had forestalled re-capitalisation, industrial disputes had strained working capital, and in particular the group's expensive factory and product renovation had met softening markets. "I still believe," he said, "that we were right to take this course. If we hadn't gone for what we went for, a modern company with modern products, there would have been no chance for the company at all."

Shareholders took some convincing that, amid all the realisation accounts, estimated statements of affairs, anticipated ultimate outcomes, and payments from PACCAR totalling £18.3m, there really was nothing left for them. Nothing, that is, except for their surprisingly sustained faith in Sandbach trucks. If PACCAR ever did decide to sell a minority stake in its British operation, it would find a clutch of very small but very ready buyers.

Cathode raise

What is better value for money than a portion of fish and chips, but not so good as a pair of wellington boots? The answer, according to the BBC, is a colour television licence. The calculation is based on the number of average man/hours worked to pay for a colour licence. In 1968 it was over 20; in 1980, only 12—a relative price reduction capped only by wellington boots in a ready-reckoner of 16 items produced by the corporation.

The figures emerge as part of the stepping-up of the BBC's campaign for a £50 licence fee. Director-General Sir Ian Trethowan unveils in the current issue of house magazine Ariel an alarming scheme to stultify dinner-parties the country over. All BBC staff are now armed with two pages of arguments in favour of the licence hike, *which they are expected to trot* out at every available opportunity as "27,000 potential ambassadors who can help by spreading the message" explains Trethowan.

Beckoned

The Anglo-German Foundation *has* ventured beyond the obvious ranks of industry and the universities in its search for a successor to secretary general Peter McGregor who is joining the National Economic Development Office.

Its choice for the job is Barbara Beck, a journalist and mother of three — a combination of careers on which, she says, "I *faced some probing* questions."

Ms Beck was born in Berlin. A useful qualification, she thinks. "At least I *grew up* reading Goethe and Schiller, so I *know* how Germans think as distinct from learning about them."

She is married to journalist *and former British Steel man* Ian Coulter and for the past 15 years has worked in London for The Economist where she is now European Editor.

The Foundation, sponsored by the German and British Governments, has just been review*ing its work over the past six* years, notably in the field of industrial relations and small businesses, in preparation for its next three-year study programme.

"It is too soon yet for me to say which will be the focal points of the programme," Ms Beck tells me. "But there will be no change in the over-riding objective of concentrating on issues of real, practical importance rather than indulging in academic exercises."

"There's one consolation, before they can tap it, you have to be able to get through!"

Typecast

As Richard Crawshaw, holder of the 231-mile non-stop walking world record, joins the long march of the Social Democrats, I trust his local newspaper has marked the occasion more favourably than it did his political debut as Labour MP for Liverpool Toxteth in 1964.

Crawshaw, until recently a deputy Speaker, has a brave record as a wartime paratrooper—a fact which greatly impressed the local editor, who ordered up a special feature on this "battle-scarred" veteran.

The feature duly appeared, but unhappily described Craw*shaw as* "battle-scared." A mild protest from the MP duly brought the following correction in the next issue. "Because of a misprint, Mr. Richard Crawshaw was described as 'battle-scared.' This should, of course, have read 'bottle-scarred.'"

Observer

John Elliott finds that the first post-war new town is feeling the effects of Britain's industrial decline

Why the greenfield optimism has waned

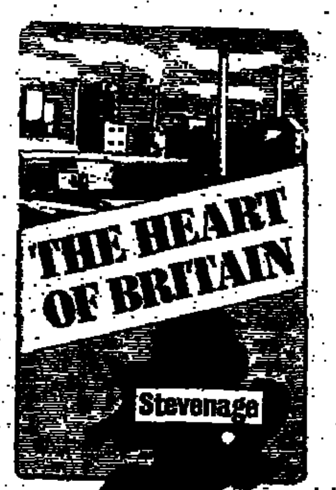
TWO WEEKS ago a "for disposal" sign went up outside ICI's factory in Stevenage New Town, the first to appear in front of a major plant since the town was built more than 30 years ago. Last Friday Bowater shut a massive corrugated board factory. Kodak will also pull out soon. At the same time it was announced that the town's unemployment level had risen to 8 per cent amid fears that it will top 10 per cent this summer.

Compared with many other industrial centres, these are not dramatic events. But they are historic in the short life of the new town, which was built as a planner's dream on 6,000 acres of comfortable Hertfordshire countryside during the 1950s and 1960s. They illustrate graphically how the recession is eating into industries in the south as well as the north. But they also show how uncompetitive some manufacturers had become, even in new towns, before the recession.

Stevenage has also discovered, like other towns, the drawbacks of depending mainly on "branch" factories. It is these which big groups close first.

The town is thus a microcosm of what is happening across British industry. As elsewhere, more labour-intensive and traditional manufacturing industries are going out of business and are being replaced by higher technology companies and service operations. In a couple of years time, if the recession does not bite much more deeply, and if the town's major employer—British Aerospace—continues to win new orders, Stevenage might emerge with a sounder, but narrower, industrial base.

That will have happened, however, at the cost of hundreds of unskilled and semi-skilled jobs in exchange for a relatively small number of imported scientists, technologists and other professional people. On present form, new unskilled jobs are more likely to come from service industries like warehousing than from major manufacturing operations.



Stevenage was the first of the group of new towns round London built on the garden city principle of its older neighbours, Letchworth and Welwyn. (The others include Crawley, Bracknel, Hemel Hempsted, Basildon and Harlow.) The new town attracted considerable opposition from existing residents at first. They disliked the idea that their 7,000-population township would be transformed into an industrial town complete with acres of windswept modern housing. At one point the railway station nameboard was changed to "Silkingrad," a biting comment on Mr. Lewis Silkin, the Minister who pushed through the plans. His car tyres were slashed and sand was poured into his petrol tank.

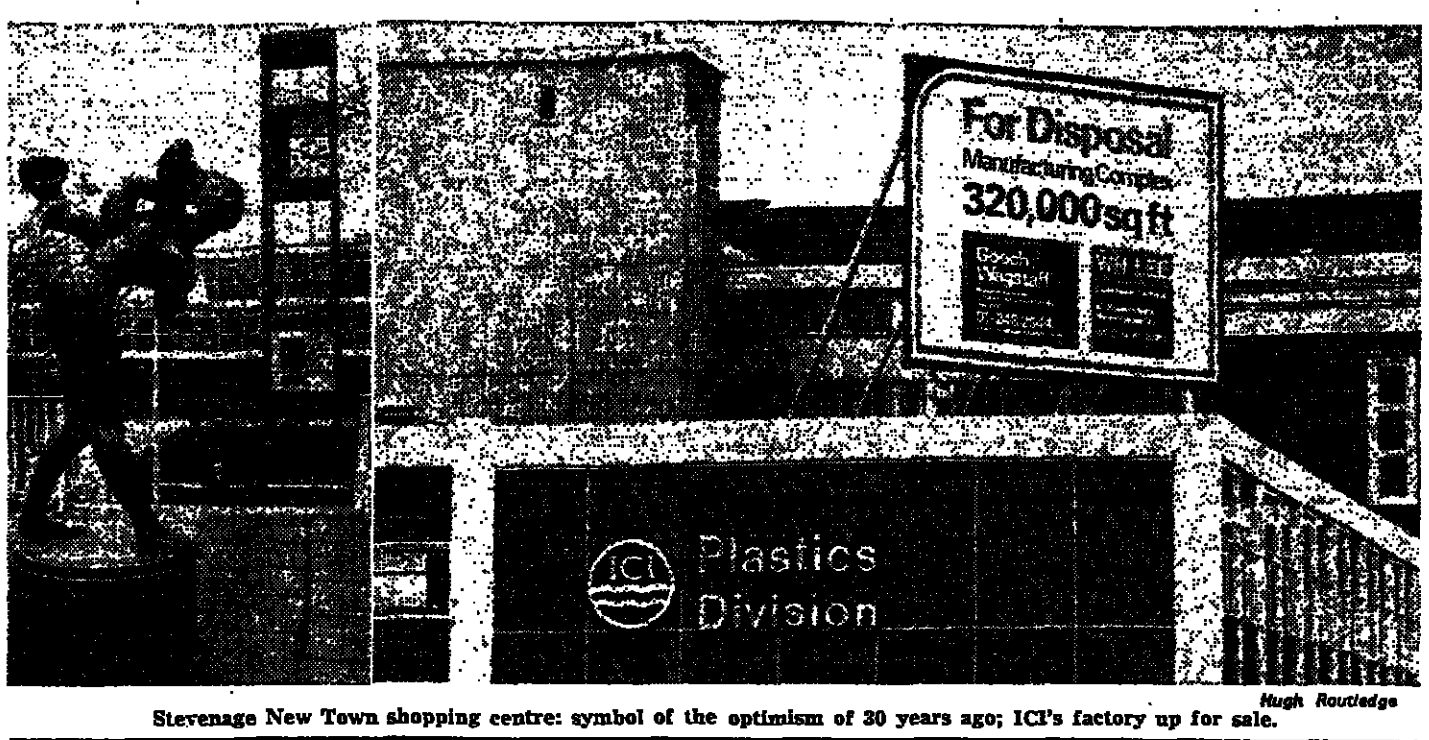
Some 30 years later, Britain's industrial decline is not sparing even the greenfield optimism of the 1950s. The arrival of ICI, Kodak and Bowater in the late 1950s was hailed as a triumph. Kodak's factory was known for its bright spacious canteen where managers and shop floor workers sat down for meals together. The ICI factory was celebrated for its unusual concrete barrel vault roof (now regarded as an expensive white elephant by the management). Bowater's 350,000 sq ft factory had the biggest corrugated packaging capacity in Europe when it opened in 1962.

Planned alongside private railway sidings it has hardly ever used, Bowater's plant was intended to provide an efficient congenial working environment that would enhance and streamline a dull industrial process. Now it is regarded by the company as an over-ambitious and palatial investment whose wide open and under-used factory spaces can no longer be afforded.

Stevenage's problems started before the recession. The declining competitiveness of some traditional industries has coincided with a bulge of school leavers (830 children of the young people who moved into the town in its early years are out of work). But recession has sharpened the impact, in a town whose spread of industrial activities had cushioned it from earlier swings in economic cycles.

The companies that are leaving are doing so as a result of over-optimistic business decisions 20 or 25 years ago. These were partly a response to sticks and carrots wielded somewhat forcefully by the then government in the form of industrial development certificates and investment aid. Since then a mixture of tougher international competition, a lack of effective product innovation and development, changing technologies, and rising costs (especially in the plush home counties) have forced the companies to draw in their horns.

They are rationalising their operations, either within the UK in areas where regional aid is still available (as ICI and Bowater are doing) or mainly abroad (as is happening at Kodak).



Stevenage New Town shopping centre: symbol of the optimism of 30 years ago; ICI's factory up for sale. *Hugh Routledge*

But unlike many other towns, Stevenage is still attracting new businesses. Two major companies—Dupont and ITT—are moving into new buildings. But these, and a couple of other possible newcomers, will not necessarily provide many jobs for existing inhabitants. And Dupont and ITT, in particular, will do virtually nothing for the growing queue of unemployed young people and others with no skills.

They have been partly attracted by the existence of other electronic and research establishments in Stevenage and Letchworth—ICL has a total of over 4,000 employees in the two towns but it is now shedding several hundred jobs.

Some companies suggest that a technology belt is emerging from Letchworth through Stevenage and Welwyn Garden City to the outskirts of London. The right staff can be hard to find locally and some have to be imported. But the proximity of other advanced companies such as British Aerospace (which employs 7,500 on dynamics and space work), the highly successful Digico computer company, and Marconi is a major bonus.

On Stevenage's two industrial estates such companies rub shoulders with other manufacturers including Platignum and a Sunblest baker, as well as an Industry Department research centre, a Provident Mutual Life office block and several other smallish companies with the words computer, peripherals, electronics and instrumentation in the names.

At first glance indeed there is no sign of hardship. The town's all-pedestrian centre bustles during the day—it is deserted by 6 pm, but that is a planning failure not an economic problem. The old High Street, full of pubs and take-away restaurants, shows no sign of recession. It is only the smallest shopkeepers who are yet admitting that they are getting worried.

Nevertheless the town's registered unemployed now total about 3,160 out of a population of 75,000 and a workforce of 35,000. This 8 per cent unemployment rate is twice last year's figure. It is the highest figure in Hertfordshire where the average is 5.5 per cent and is higher than the south-east average of 7 per cent. (The national average is 10 per cent.)

ICI tried to persuade employees to move with the production to Teesside but had little success. Some people did not want to move north (like other new towns of its generation, Stevenage is based on ex-Londoners). Others asked, while they would have a job, what employment prospects would there be in the north-east for their children. Nevertheless few of ICI's ex-workers will be left without a job.

The main talking point for local businessmen however is rates and the Government's insistence that the State-owned new town land and factories should be sold off. New towns are being specially hurt by the rate support grant system which penalises them (probably unintentionally) for things they are proud of such as low density development, and few social problems, as well as for other inevitable factors such as a low proportion of old people and few high-rated houses.

The level of rates is one of the factors that has made the three nationally known companies move out. But there are other companies in the town which are staying—and coming to terms with their problems.

One company which now believes it has reached a viable level is Platignum, the pen and plastics company better known locally as Mentmore Manufacturing.

Faced with dramatic changes in its market and sharply increasing international competition, its workforce has already been cut from 1,400 five years ago to 840 and is now dropping to 500. Significantly it estimates that, because of its capital investment, it would need twice as high a turnover as it has ever attained to push its labour force back above last year's 800 total. One new piece of equipment which makes ink cartridges and is run by the equivalent of 1½ people has, for example, replaced an old machine which did the same job and needed 22 people.

Businessmen such as those who run Mentmore and the other companies that have trimmed their operations now feel the Government should relax its constraints. Many of them accept that the shake-outs they have gone through will make them better equipped to compete in the future. In some cases they have abandoned investments in Stevenage which they have been regretting for years. But they fear that further cutbacks will do more harm than good.

Tomorrow: Sunderland—a new pattern of decline.

Letters to the Editor

Fuel price complaints

From the Managing Director, Stokes Castings

Sir,—May I refer to your article in Monday's issue under the heading "Fuel price complaints are exaggerated say brokers."

At present while the ironfoundry industry in this country is facing considerable competition from European ironfounders, and particularly the French ironfounders, our present ex-oven coke price is £105.30, while on the Continent the equivalent Italian price is £75.08, Germany £73.34 and France £55.35.

Exaggeration indeed!

C. W. Rickhuss.
Stokes Castings,
Union Foundry,
Hermitage Lane,
Mansfield, Notts.

Liability for products

From Mr. H. Abbott

Sir,—The correspondence on the liability for products raises an interesting point. Product liability is concerned with product safety and the reduction in the risk of a product harming a consumer. R. M. McRobb (February 25) says that the extra costs to industry of product liability has been estimated to increase manufacturing costs by between 10 per cent and 15 per cent.

If Mr. McRobb's letter were read on the top of a Clapham omnibus by one of Kate Foss's consumers (February 18) that simple traveller could wonder why the requirement for product safety should increase costs in such a manner. Indeed, he might muse, this seems to mean that products are not already as safe as they could be, and that manufacturers are already capable of reducing the risk of a product harming a consumer—but are not willing to spend the money.

The fact of the matter is that this is just another unsubstantiated estimate. A figure is suggested, the qualifications discarded, and picked up by another writer and quoted again to become the foundation of an argument without anyone checking back to find out if there are any facts to support it. I have yet to see a fully supported, documented case for an increase in manufacturing costs of the order suggested.

But I do know of one multinational in a highly sensitive industry which has done its homework very thoroughly. It knows that product safety costs it 0.1 per cent of *sales*, and considers it a small enough price to pay. Curiously this is the proportion for the average rate of premium for product liability insurance cover.

Howard Abbott
(Technical Editorial Consultant to Product Liability International).
Hartland Cottage,
Boscastle, Cornwall.

The ICI record

From Mr. A. Abrahams

Sir,—As a demonstration of how to promote the cause of technical analysis, and at the same time emphasise the severe limitations of individual fundamentalism, Martin Taylor's article "ICI: the City shivers" (February 28) takes some beating.

Mr. Taylor asserts that the City got it wrong; it did not! Within the whole spectrum of guesses that make the market, a number of people backed the wrong horse. A few of them are complaining that their choice was nobbled and appear perilously close to demanding their money back.

Whether the company will need to "come to the market soon" or whether "they've cut the dividend at or near the bottom of the cycle" may or may not prove to be the case. What is infinitely more valuable to the investor is a continuing awareness of where the balance of investment opinion lies.

A cursory inspection of the chart of ICI shows that the stock has underperformed the FT All Shares Index for more than four years; it is a story of undiminishing decay. This means that the City had got the message; performance funds would not have touched it with a proverbial barge pole.

But lest the charge of jobbing backwards be levelled, consider the price action of the stock since early October of last year. At that time there was an abundance of technical evidence to urge sales at a price around 340p. Even a month later when the price had improved to 360p the shares were still weakening relative to the market. In mid-January, 1981 the price sank below 315p and in so doing completed the most easily recognisable pattern in the chartist's armoury. The new downside objective was then 250/255p, the price reached in trading on Friday, February 27.

Arthur Abrahams.
Spencer House,
80, Parkside,
Wimbledon, SW19.

Writing off loans

From Mr. O. Smedley.

Sir,—In normal double-entry book-keeping when an item is "written off" it has to be written off against something, profits, reserves or capital, and if there is nothing there to write it off against the business is bust and has to be wound up.

Under the archaic receipts and payments system of Government accounting this does not apply. There is no income and expenditure account; there is no balance-sheet. Thus when the British Steel Corporation is authorised to "write-off" some thousands of millions of pounds worth of loans from the British Government, whatever may appear in the accounts of BSC, nothing will appear in the accounts of the British Government. Presumably, if there is any record at all of the vast amounts lent to BSC, some civil servant will be authorised to draw a line through the item in the books and forget all about it!

Is it beyond the capacity of accountants who advise the Government, to revamp its system of book keeping so that each Ministry might produce its own income and expenditure account and balance-sheet wherein assets such as roads, battle-ships, air-planes, buildings etc., could be depreciated over their expected useful lives and strict control kept over the demarcation between capital and revenue expenditure?

I think I could prepare such a blue-print in less than forty-eight hours. The resulting consolidated accounts would not only help the Chancellor of the Exchequer to control or, preferably, eradicate inflation but would also permit the shareholders viz the taxpayers, to have some understanding of what the hell is going on which, I suggest, as a veteran student of the "blue books" presented from time to time to Parliament, is at present virtually impossible.

All that one does know is that the existing system is totally unsatisfactory and out of control.

Oliver Smedley.
Duck Street,
Wendens Ambo,
Nr. Saffron Walden,
Essex.

Trends in drinking

From the Chairman, Wine and Spirit Association of Great Britain and Northern Ireland

Sir,—Following your feature on UK alcohol consumption (February 21), may I make a couple of points.

The now often quoted figure of 740,000 alcoholics in the UK, to the best of my knowledge, has no factual support. It appears to be based on a mathematical extrapolation devised in the United States of America some 30 years ago and using a crude multiplier of 333. The Home Office in a study published earlier last month suggests a vastly more credible figure of between 250,000 and 500,000.

So far as the number of man-days lost "through alcohol-related causes" is concerned, I have no evidence to hand which either confirms or denies the Department of Employment's estimates; I hope simply that its calculations are soundly based. The Back Pain Association, however, calculates that 88,000 employees daily are absent for reasons associated with back pain (which I calculated at some 20.9m man-days per annum) at an annual cost to industry around £1bn.

While in no way underestimating the seriousness of even one person suffering through his or her misuse of alcohol, we must maintain a sense of proportion. The Back Pain Association would, I believe, be the first to attribute the cause of suffering in their sector to individual's wilful rejection of available warning, advice and even safety training. In other words, correcting the misapplication of personal efforts or the misuse of external objects (such as alcohol) is a matter for education. A pennyworth of prevention is better than a pound's worth of cure.

D. G. D. Webb,
Five Kings House,
Kennet Wharf Lane,
Upper Thames St., EC4.

Abstainers fall

From the Managing Director, Ansvar Insurance Co.

Sir,—In the course of his article on the problems associated with increased alcohol consumption (Feb. 21), Gareth Griffiths drew an unnecessarily gloomy picture about the trend in total abstinence.

It is not correct to say that the number of total abstainers has halved during the 1970s from 12 per cent to 6 per cent of adults. The latter figure relates to adult males only and compares with a figure of 7 per cent in 1970. Among women, the comparable figure is 11 per cent compared with 12 per cent in 1970.

Geoffrey Williams.
Ansvar House,
St. Leonards Road,
Eastbourne, East Sussex.

Raleigh's victory

From Mr. E. Parsons

Sir,—"Raleigh anti-competitive" (February 28) will no doubt cause some eyebrow-raising and wry smiles among the Continent's professional cycle racing teams.

With the season opening last month in the sunshine of the south of France and with Raleigh showing competitors the way home with a clear victory in the three-day "Etoile de Bessèges" any attempt by United Kingdom authorities to reduce the activities of the most feared and respected cycle racing team will bring a gleam of hope to French, Belgian and Spanish team managers in this year's "Tour de France."

E. L. Parsons,
29 Orford Gardens,
Twickenham.

Relations with Europe

From Mr. J. Bourlet

Sir,—May I reply to the storm raised against my letter (February 24) and Teddy Taylor's Conservative group for the reform of the EEC by Beryl Goldsmith, speaking on behalf of the Conservative Group for Europe in your letters of February 28?

Miss Goldsmith gave a long string of political opinions which need to be debated at length—for example that there are greater dangers in the Reagan Administration than in previous U.S. Administrations, that the world is growing generally more hostile and that there is growing East-West tension. These sort of debates often amount to a division between the naturally pessimistic and the naturally optimistic — realism being relegated to second place. The letter then asserts that we should face up to a world "moving once more into a period of chronic food shortage." There are two sides to this debate also but my impression is of a world bothered more by unsaleable food surpluses at prices thought acceptable to farming interests—not only in Europe but elsewhere in dairy products, rice, lamb, sugar etc. World prices for grains and sugar are historically low at the moment. There is little case for being Malthusian on this score unless one confuses "need" with "demand" — which leads to a discussion of income distribution rather than food production technology — or subsidy.

Of course, Little Europeans can be expected to worry during the coming period of tough negotiations when Britain must involve a credible threat of withdrawal to obtain balanced terms of membership of the EEC but that must not prevent members of the Conservative Party from doing their utmost to strengthen the hand of Her Majesty's Government.

James Y. Bourlet
Department of Economics and Banking,
City of London Polytechnic,
84 Moorgate EC2.

Today's Events

GENERAL

UK: National Economic Development Council meets to discuss public purchasing, and the report of the NEDC Energy Task Force on comparative energy prices, Millbank, SW1.

Mrs. Margaret Thatcher gives first talk in Lenten lunchtime series on "The Spirit of the Nation," St. Lawrence Jewry, Gresham Street, EC, 1.15 pm.

Mr. William Whitelaw, Home Secretary, speaks on Government's first 18 months in office, Foreign Press Association lunch, Savoy Hotel, WC2.

Mr. David Steel, Liberal leader, gives "Security and Survival" lecture, St. James's, Piccadilly.

Lonrho holds extraordinary general meeting to approve offer for House of Fraser, London.

Ulster Workers' Council reveals plans for protest against Anglo-Irish relationships.

Mr. Brian Botting, British Aerospace director, presents paper on civil aviation in the 1980s, Institution of Mechanical Engineers, SW1.

Hille exhibition (75 years of British furniture) opens at Victoria and Albert Museum, South Kensington (until May 31).

Prince Charles starts three-day visit to Duchy of Lancaster property in the West Country.

Overseas: Dr. Karl Carstens, West German President, starts official visit to India (until March 9).

Foreign Ministers of Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates, and Oman, meet in Muscat to discuss formation of Council for Co-operation.

PARLIAMENTARY BUSINESS

See Parliamentary News on page 10.

OFFICIAL STATISTICS

Department of Energy publishes advance energy statistics for January.

COMPANY MEETINGS

Bakers Household Stores, Queen's Hotel, City Square, Leeds, 12. Grand Metropolitan Hotels, The Lyceum, Wellington Street, Strand, WC, 11.30. Marley, Riverhead, Sevenoaks, Kent, 12. Tate and Lyle, Europa Hotel, Duke Street, Grosvenor Square, W, 11.30.

COMPANY RESULTS

Final dividends: Family Investment Trust. General Accident Fire and Life Assurance Corporation. Mount Charlotte Investments. Ransomes Sims and Jefferies. Interim dividends: Consolidated Gold Fields. Jentique Holdings. Nolton.

UK COMPANY NEWS

Unilever result hit by year-end exchange rates

THE STRENGTH of sterling undermined Unilever's reported combined profit performance for 1980. The international food and consumer goods group finished the 12 months showing the pre-tax total 6 per cent lower at £567.7m, against £605.6m, based on year-end closing exchange rates.

This was despite having achieved increases, when translated at comparable exchange rates, for each quarter throughout the year, including the final three months when there was a 13 per cent advance to £142.2m (£126.2m). At comparable rates the full-time figure would have been 4 per cent ahead.

Because an unchanged final dividend would lead to an excessively large payment by Unilever NV the directors are recommending a reduced sterling final of 13.97p for a lower total of 22.91p (24.05p).

Combined external sales in the fourth quarter rose 13 per cent to £3.05bn (£2.71bn) with volume 5 per cent better. For the year the reported sales figure slipped to £10.15bn (£10.25bn) though 12 per cent higher at comparable rates.

Full-time sales were split as to Unilever Limited £4.35bn (£4.06bn) and Unilever NV £5.81bn (£6.19bn) and overall volume was higher.

Combined earnings per share for the year are stated down at 74.25p (84.71p) after a little changed tax charge of £291.9m (£291m). Retained profit emerged at £169.4m (£314m). There was a £115.3m extraordinary debit last time.

Operating profit was £571.4m (£608.7m) at comparable rates to which associates added £49.5m (£42.3m) and income from trade investments £2.1m (£2.3m), but net interest costs rose to £55.3m (£47.7m) because of high interest rates and lower net liquidity.

In Europe, the consumer goods businesses performed well over the year. Particularly good results were obtained in margarine and oil milling. Detergents performed satisfactorily and improved their market position and frozen foods did well.

Ice cream sales fell; due to a poor summer in much of Europe. Because of persistent problems in the industries which they serve, results from the chemicals and paper, plastics and packaging businesses were poor and, in the case of chemicals, well down on last year, the directors state.

In North America, Lipton and National Starch had a good year, but the improvement in their profits was insufficient to offset the exceptional high costs of restructuring of Lever Brothers.

UAC International's results were little different with the UK side suffering from the economic recession and an improvement in West Africa.

In the other countries outside Europe and North America, both Unilever's total sales and total profit showed substantial growth.

For the fourth quarter in Europe, most of the consumer product businesses held up well, and, in particular, edible fats, sundry foods and drinks, and detergents had results significantly better than in 1979.

UACI profits were below those of the corresponding quarter.

See Lex

HIGHLIGHTS

Lex looks at the background to Unilever's reduction of its dividend on its sterling capital and at the group's 1980 figures which show a small increase in profits before tax before £60m of unfavourable currency adjustments. Lex also looks at yesterday's figures from Grindlays—pre-tax down from £37m to £35m—which were also hit by currency movements. Finally Lex considers the referral to the Monopolies Commission of Enserch's bid for Davy and goes on to ponder on the referral system. On the inside pages Brocks Group has appointed a receiver following Monday's suspension of dealings. John Michael asked for its shares to be suspended yesterday though further news was not offered to shareholders.

Woodhouse profits rise but dividend is cut

DESPITE higher profits and a midterm forecast of an increased dividend total, Woodhouse and Rixson (Holdings), forgemaster, has cut the 1980 payment from 1.73855p to 1.4p with a final of 0.5p net.

For the year pre-tax profits show a £200,000 advance at £584,000, on turnover of £17m (£14m). However, the directors warn that 1981 profits are not expected to be as good as those now reported.

At halfway, when profits were ahead from £274,000 to £396,000, the directors said they were keen to restore the 1978 rate of dividend (2.31806 net) as soon as trading conditions permitted. Declaring an interim of 0.9p, they said they hoped, subject to unforeseen circumstances, to return to the policy of paying dividend in equal parts for the year.

The directors now report that total group borrowings have been more than halved to £1.4m (some £3m).

The 1981 profit forecast was made in view of the problems in the engineering industry and the directors add that the decline in demand in the commercial vehicle industry has been and will be particularly detrimental.

They have considered it prudent to make a provision of £400,000 at certain subsidiaries against a possible reduction in asset values where assets are now surplus to requirements or under-utilised as a result of falling demand. This sum forms the largest item of 1980 extraordinary debits totalling £398,000 after adjustments.

Taxable profits for the year were struck after higher interest of £487,000 (£355,000). Tax absorbed £172,000 (£42,000) and earnings per 12½p share rose from 3.3p to 4p. Following extraordinary debits, the attributable balance turned in at £14,000 against £341,000.

First dividend for LBC holders

London Broadcasting Company is to pay its initial dividend since going on the air in 1973. The payment on ordinary shares will be 0.27p, and 30p on the preferred ordinary.

Retiring chairman Sir Geoffrey Cox says he is confident this will leave the company with "resources fully sufficient to buttress it against the difficulties we, along with Independent Radio generally, have been facing in recent months."

The company's pre-tax profits for the year to September 30, 1980, have climbed from £528,553 to £1.41m, but Sir Geoffrey warns that these "exceptional figures," which include the advertising windfall from the ITV strike, will not be repeated this year.

Turnover for 1979-80 advanced £1.4m to £4.93m.

The chairman says the unaudited figures for the first three months of the current year show a fall of £563,000 in the operating surplus compared with the same period last time.

He points out that even when the exceptional revenue from the ITV strike is stripped out, the absolute fall in profitability is substantial. He says the company suffered an operating loss in December and January.

Unless there is an upswing in economic activity, which leads to an increase in advertising during the next few months, Sir Geoffrey says the company will continue to face a very difficult trading period throughout the rest of the financial year.

It would be prudent, he adds, to assume that these difficulties will remain for as long as the recession lasts. Despite these problems, however, the company faces the future with confidence.

Sir Geoffrey, who was editor of ITN from 1956 to 1968 and who was later deputy chairman of Yorkshire TV and chairman of Tyne Tees TV, retires at the end of this month having reached the age of 70. He will be succeeded by Mr. Chistopher Chataway, the former international athlete.

Downturn for Arnott

TURNOVER of Arnott and Company Dublin rose from Ir£39.75m to £44.77m for the year ended January 17, 1981, but pre-tax profit was down from £3.67m to £3.42m after interest payments of £0.47m. Last year interest charges were £0.29m.

Arnott, draper, general house furnisher and warehouseman, has recommended a final dividend of 4.5p making 8.5p net against an equivalent 8p

Tax was marginally down from £1.53m to £1.5m, and minorities took £68,000 (£132,000). Stated earnings per £1 share were 21.74p (23.51p).

The company states that autumn 1980 did not bring the necessary improvement in the wholesale and manufacturing divisions, and difficulties were increased by the cost of clearing overheavy stocks.

However, retail stores came through the year with slightly improved results. The outlook is not bright but the company hopes for better conditions later in 1981.

SPAIN

March 3	Price %	+ or −
Banco Bilbao	288	−2
Banco Central	326	
Banco Exterior	270	
Banco Hispano	272	−2
Banco Ind. Cat.	126	
Banco Madrid	141	
Banco Santander	334	
Banco Urquijo	188	
Banco Vizcaya	315	−2
Banco Zaragoza	252	+19
Dragados	129	+2
Espanola Zinc	72	+4
Fecsa	58.7	
Gal. Preciados	23.5	−0.5
Hidrola	66.2	+1
Iberduero	58.2	+0.2
Petroleos	89	+2.2
Petroliber	70	
Sogefisa	95	−2
Telefonica	62	+0.3
Union Elect.	65.5	

Provident Financial downturn

TURNOVER OF the Provident Financial Group was up at £283.3m for the year ended December 31, 1980, compared with £250.18m. However pre-tax profit was down at £8.47m as against £9.23m.

Tax was marginally up at £3.4m (£3.08m) and the amount attributable declined to £5.14m (£6.15m) after an extraordinary credit of £65,000 (nil). Group deferred revenue increased from £37.48 to £46.34m and the amount due from customers was up from £199.27m to £230.83m.

Provident, the credit, finance and banking group, reported at the interim stage that whether or not the then high level of interest rates changed, that would have little impact on the results, which were expected to be satisfactory.

The Board stated at that time bank facilities had been increased and there were sufficient funds to meet anticipated demand.

Stated earnings per share for the year were 12.72p (15.5p), with a declared final dividend of 4.6p, making a total of 7.02p (6.45p). Pre-tax profit on a current cost basis was £4.19m.

● comment

The market marked Provident Financial shares 2p higher at 140p yesterday in response to better than anticipated figures. The 8 per cent fall pretax despite higher turnover reflects a slowing in repayments plus an increased bad debt provision. Demand for credit has continued to decline in the first two months of this year so despite some income cushion from higher charges a further fall in annual earnings is in sight. The estate agency business turned in its third annual loss but the company appears optmistic it will be trading in the black by year-end. The shares yield around 7.5 per cent and the p/e, fully-taxed, is a fairly hefty 13.

John Michael suspended —no statement

SHARES of John Michael (Savile Row), the mens clothing company, were suspended yesterday, with no immediate explanation offered by directors.

At the suspension price of 14p, the company has a market valuation of nearly £350,000. For the year to end-January, 1980, it made a pre-tax loss of just under £370,000 on sales of £4.95m.

The company has been in the red throughout most of the 1970s and has not paid a dividend for seven years. A stake of 7.3 per cent is held by Denard Finance.

£2.5m placing by Atlantic Resources

A PRIVATE placing of IR£2.5m has been arranged for Atlantic Resources, a new Irish company which is acquiring an interest in a consortium exploring for oil off the West Coast of Ireland.

Atlantic, headed by Mr. Tony O'Reilly, will acquire a 10 per cent interest in the Phillips Maroon Group in return for funding 15 per cent of the estimated IR£16m cost of drilling a new well on block 35/8 this year.

Atlantic's initial capitalisation of IR£3.75m consists of 2.5m 25p shares subscribed by directors at 50p a share of which 1.25m are being taken by Fitzwilton, a company headed by Mr. O'Reilly. Another 2.5m shares are being subscribed by institutions in London and Dublin at IR£1 a share.

Banker to the placing is the Industrial Credit Company, Dublin. Brokers are J. and E. Davy, Laing and Cruickshank and W. N. Middleton.

Swan Hunter Liquidation

The joint liquidators of Swan Hunter Group, the shiprepairing, engineering and insurance broking concern, say that no estimate can be given of the date or dates of any further distribution or distributions, and no forecast can yet be made when the liquidation can be completed.

LONDON TRADED OPTIONS

(Mar. 3 Total contracts 388)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	390	38	—	50	4	64	—	412p
BP	460	8	10	20	—	—	—	"
BP	500	2	14	11	—	—	—	"
Com. Union	160	7	4	12	10	15	—	158p
Cons. Gold	460	15	4	5	—	5	—	425p
Cons. Gold	500	—	—	10	1	20	3	"
Cons. Gold	550	—	—	6	4	7	10	"
Cons. Gold	488	2	—	3	1	—	—	"
Cons. Gold	636	1½	—	2	—	—	—	"
Courtaulds	60	4½	10	7	—	9½	—	61p
Courtaulds	70	1½	—	3	—	4	22	"
GEC	550	105	10	122	—	140	—	646p
GEC	600	58	2	85	—	105	—	"
GEC	650	24	8	50	—	70	5	"
Grand Met.	160	5	5	1	—	36	—	180p
Grand Met.	180	9	3	15½	10	19	9	"
ICI	240	30	10	30	—	40	—	246p
ICI	280	5	4	13	2	22	—	"
ICI	300	2½	3	8	21	14	16	"
ICI	330	1	2	4	4	—	—	"
Land Sec.	360	41	10	51	—	65	—	394p
Land Sec.	420	6	11	17	1	28	—	"
Shell	420	22	11	4	1	8	—	416p
Shell	460	8	2	20	—	30	—	"
Totals			117		60		65	
		May		August		November		
Barclays B'k	420	15	5	30	—	40	—	403p
Imperial Gp.	70	8½	14	10½	2	12½	—	75p
Lasmo	650	57	—	90	1	107	—	649p
Lasmo	700	35	5	60	—	80	—	"
Lonrho	90	13	20	16	—	18	—	96p
Lonrho	100	5½	53	9	—	12	—	"
Lonrho	180	1	1	3	—	—	—	"
P. & O.	110	19½	10	22	2	—	—	125p
P. & O.	120	11½	20	15	—	19	—	"
Racal Elec.	280	91	—	100	—	—	—	361p
Racal Elec.	330	48	1	61	—	72	—	"
RTZ	390	42	7	57	—	80	—	418p
RTZ	414	27	2	—	—	—	—	"
RTZ	420	—	—	—	—	—	3	"
Totals							5	

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Grindlays again hit by currency movements

CURRENCY MOVEMENTS have again had an adverse impact on the results of Grindlays Bank, where 1980 net profits after minorities have fallen from £17.76m to £15.39m.

The bank, which is 51 per cent owned by Grindlays Holdings, has lifted its final dividend to 2.875p (2.6875p), giving a total for the year of 4.125p against 3.75p. The chairman, Mr. N. J. Robson, said that the bank's results were not unsatisfactory given the difficult world economic climate.

The group's profits before tax were 7 per cent lower at £34.8m after an increase in specific provisions from £1.6m to £3.5m. The steep rise was attributable partly to a substantial recovery relating to Argentine business in 1979.

Adverse currency movements were little changed from last year's figure of £2.1m and the tax charge was up from £18.5m to £19.01m, mainly because of higher profits overseas.

The bank's statement made no reference to the current shareholding structure. Citibank owns 49 per cent of Grindlays Bank and reports that it is prepared to negotiate the sale of this stake have recently contributed to volatility in the share price.

The minorities charge fell from £1.02m to £388,000 and extraordinary items took £430,000 (nil), leaving attributable profits at £14.96m (£17.76m).

Earnings per share were reported at 26p, down from 30p the previous year.

The bank's capital resources have increased by £28m to £179m. This results principally from new issues of $100m loan stocks in December last year. The costs of this issue account for the £430,000 extraordinary item.

In addition a property revaluation undertaken last year has produced a surplus of £8.3m, which has been credited to reserves.

Attributable profits were halved from £7.5m to £3.7m on a current cost basis while, on the same basis, dividends were covered 1.5 times by earnings before extraordinary items, compared with a cover of three times in the previous year.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AAH ......int.	3.82	Mar. 31	3.48	—	8.5
Arnott and Co.	4.5	June 30	*4.5	8.5	*8
British Vita	†2.6	May 5	2.6	†5.2	5
CSC Investment	4.5	April 15	3.75	7.75	6.5
Diplomat‡ ......int.	1	April 13	1	—	3.8
Grindlays Holdings	2.87	April 23	2.69	4.12	3.75
LBC	0.27	—	—	0.27	—
Mercantile Investment	1.25	—	1.8	2.52	¶2.52
Unilever	§13.97	June 2	15.11	22.91	24.05
Winston Estates	1.23	July 1	1.05	1.93	1.75
Woodhouse Rixson	0.5	April 3	0.53	1.4	1.74

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ On 10p shares. § Reduced to balance effect of strong £. ¶ Includes special non-recurring 0.22p.

Receivers called in at Brocks

Brocks Group of Companies, the Dorset based electronics group which reported a loss of £533,000 for the first-half of the current year, has called in the receivers. The shares were suspended at 18p on Monday.

The appointment of Mr. Richard Agutter and Mr. Guy Parsons of Peat Marwick Mitchell & Co as joint receivers follows the group's failure to conclude a £3m property deal in Poole.

The sale of this major property asset had been critical to the group's reconstruction plan but an offer on the factory property had been withdrawn, said Mr. Agutter.

The key to the group's reconstruction was the slimming down of the marine radar side and the Poole property sale. All the businesses continue to trade and approaches have already been received from prospective purchasers.

The group has been hard hit on the marine side over the last 18 months as a result of Far East products being dumped in Europe. It was also hit by a collapse in U.S. demand. The chairman had already forecast a substantial loss for the full year.

Mr. Agutter said yesterday that "positive approaches" had been received for all the main areas of the business. Interest has also been expressed in the Poole factory.

The receiver said "it may be appropriate to dispose of them as going concerns or leave them with a re-vamped Brocks Group." There are 400 people employed in the group of which 200 are in Poole.

He said it was "too early to know what the end product will look like," but it was intended to go ahead with the reconstruction of the group, mainly involving further rationalisation on the marine side of the business which makes radar equipment for small boats.

Pelco (Electronics), which is excluded from the receivership, is trading profitably. This company has the microchip distributorship for Rockwell the U.S. electronics group.

At the interim stage the group had £3m of debt—representing about two thirds of shareholders' funds.

Mercantile board says 'no' to reconstruction

MERCANTILE INVESTMENT Trust's board is risking yet another battle with its institutional shareholders. In a letter sent yesterday it said it cannot recommend any form of reconstruction of the trust along the lines of the partial unitisation put forward last year by some shareholders.

However, the board hopes that much of the shareholder unrest will have been defused by the improvement in Mercantile's underlying performance in the past year or so, and first reactions to the preliminary figures, also released yesterday, were not unfavourable. In the market the shares moved down ½p to 61½p—a 21 per cent discount to stated net asset values.

A spokesman for Save and Prosper, one of the leading dissidents—and the largest shareholder—said yesterday that "the way the trust is moving is a direction we welcome."

One of the main reasons for the dissatisfaction of shareholders had been the deeper than average discount to assets in Mercantile's share price. This has improved to a better-than-average performance in the past year, in a market where investment trust discounts have, in any case, reduced.

Mercantile has been making efforts to channel its portfolio away from a general purpose fund and towards heavy weighting in overseas and unquoted vehicles.

Since exchange controls were lifted, for instance, Mercantile has increased the proportion of its equity portfolio invested outside the UK from 29.5 per cent to 44.9 per cent.

Further increases are intended with special emphasis on high-growth stocks such as Australian oil and mineral exploration.

The move into overseas securities on this scale explains the flat performance of the revenue account, Mr. Gerry Jamieson explained yesterday. After translating into the strong currency of sterling, gross revenue actually fell slightly from £8.14m to £7.59m in the year to January 31.

Expenses and interest were, however, down from £2.4m to £1.7m and net revenue, therefore, rose slightly to £3.9m from £3.8m, reflected in the small rise in earnings per share from 2.76p to 2.81p.

Mercantile has simultaneously been increasing its exposure in unquoted securities and now has £14m invested in these vehicles (12.5 per cent of the total equity investment) compared with £7.4m (8.3 per cent) at the beginning of the last financial year.

Total assets at the end of the year had a book value of £120.5m (including some unquoted investments which have a nominal value) compared with £111.3m and net assets per share, assuming full conversion of debentures and with prior charges at redemption value, are 73.5p (62.75p), 77.5 (66.75) at market value.

The board's main objection to partial unitisation of the trust, which would involve a reduction in capital, is that the net benefit to ordinary shareholders would amount to only 3.5p per ordinary share and that might be regarded as a partial disposal for capital gains tax purposes.

In realising this benefit, the ordinary shareholders would have had to forgo the existing attractions of cheap gearing through the long-term debentures.

Insurance bonus rates

Substantial increases in its reversionary bonus rates for 1980 have been made by the Crusader Insurance Company, a member of the U.S. March and McLellan Group. The rates for individual assurance contracts are lifted 20p to £5 per cent for whole life policies and to £4.90 per cent for endowment assurances, the rates applying to the sum assured and attaching bonuses. On self-employed pension policies, the rate is improved 30p to £5.30 per cent of the basic benefit and accrued bonuses.

The company is maintaining the terminal bonus rate on assurances at £1 per cent of the sum assured and attaching bonuses for each year in force. Crusader has never reduced its terminal bonus rate since it was introduced in 1963.

Refuge Assurance, in contrast, is keeping its 1980 reversionary bonus rates unchanged, but making substantial improvements to its terminal bonus rates.

On assurances, the reversionary rate stays at £5 per cent of the sum assured. But the terminal bonus paid on death claims from April 1, 1981, is lifted over 50p to £3.50 per cent of the sum assured for each calendar year in force, except the first five.

On deferred annuities, the reversionary bonus stays at £6 per cent of the basic benefit. But the terminal bonus is lifted £1 to £4 per cent

Equitable Life Assurance announces that in future, bonuses will be compounded annually instead of every three years as has been the system up to now. But the company is keeping the rates unchanged, which effectively means that the interim rates have been substantially improved. The company will still, however, declare bonuses on a triennial basis, the next full declaration being for the three years to December 31, 1982.

Record year for Hunting Gate Group

PROFITS of Hunting Gate Group, the private property developer, investor and building contractor, improved in the year to end-July, 1980, the pre-tax figure coming through at £948,072, compared with the previous year's record £938,837.

Mr. C. J. Baker, the new chairman, says the growth in profits was lower than normal. He blames several factors, including a depressed housing market, higher interest rates and tighter margins.

In view of the £3.25m tax loss still available and the probable level of future activity, no provision for deferred tax is being made on the profits for 1979-80.

The surplus for the 12 months was after administration expenses of £1.88m (£1.24m) and finance costs of £1.06m (£670,583).

Tax took £47,590 (nil) and after the interim dividend of £111,045 (nil), retained profits declined from £938,837 to £789,437.

Sales totalled £18.13m (£10.74m), but cost of sales rose sharply from £7.89m to £14.25m.

Shareholders' funds increased to £4.25m (£3.07m) following a revaluation of property investments which showed a surplus of £395,143.

Hunting Gate Developments had another successful year and currently has schemes under construction or at an advanced planning stage. However, the homes division experienced a sharp decline in sales and, following an increase in borrowing costs, its profit contribution was reduced. The investment in housing is being held at its current level.

RKT proposes settlement

The directors of Robert Kitchen Taylor and Company are seeking approval of a proposed settlement of the shareholders' action, relating to 750,000 ordinary shares which were sold for the benefit of the company on February 8, 1977.

Within the terms of the settlement, which have been agreed subject to members' approval at an extraordinary meeting, the company will receive a sum of some £410,000, after allowing for costs, but before taking into account any tax liability.

The company adopted the action, started on March 16, 1979, brought by Mr. Henry Schuldenfrei and Mr. Bernard Garbacz, two shareholders of the group, who claimed that three directors—Mr. Ernest Libby, chairman, Mr. David Gourlay and Mr. Thomas Nightingale—had been in breach of their duties in causing or permitting shares of RKT, held in trust for the company, to be sold in February 1977.

هكذا من الأصل

Little change in AAH profits at nine months

TAXABLE profits of A.A.H., fuel distribution, builders' supplies group, were just ahead at £6.49m, against £6.46m, for the nine months ended December 31, 1980, on turnover up £20.5m to £261.1m.

	Nine months 1980 £000	1979 £000
Turnover	261,091	260,642
Solid fuel	140,460	123,987
Oil	32,418	29,992
Builders' supplies	30,356	28,786
Pharmaceutical	34,781	22,569
Engineering	6,453	6,690
Agricultural	3,229	3,676
Road haulage	8,745	9,095
Miscellaneous	4,649	4,927
Trading profit	8,222	7,799
Solid fuel	3,657	2,276
Oil	734	1,556
Builders' supplies	1,399	1,583
Pharmaceutical	1,307	691
Engineering	284	578
Agricultural	279	579
Road haulage	627	867
Miscellaneous loss	35	†87
Interest	1,731	1,335
Pre-tax profit	6,491	6,464
Tax	2,111	1,781
Minorities	1,411	1,747
Extraordinary credit	—	426
Preference dividends	56	58
Attributable	2,913	3,306

† Profit.

Mr. W. M. Pybus, chairman, says the last quarter is proving exceptionally difficult, with fluctuating weather conditions adding to the recessionary problems. Nevertheless, if the group fails to match last year's profit of £9.07m, "it will not be by much."

The short-term outlook is not encouraging but the company has, in the nine months period, demonstrated its strength in an adverse trading climate, he says.

The interim dividend is increased from 3.476p to 3.823p net per 25p share—last year's final payment was 5.024p.

Surplus for the period was struck after higher interest of £1.73m, against £1.34m, and subject to tax of £2.11m compared with £1.78m.

After minority interests £1.41m (£1.75m), and an extraordinary credit, last time, of £426,000, the attributable balance came through down from £3.31m to £2.91m.

In solid fuel, the biggest single contributor, trading profits were principally made in the retail and wholesale domestic business, and were helped by bigger stock profits than customary. The industrial solid fuel market was adversely affected by the recession but, "from the number of current enquiries, the longer term potential seems promising," Mr. Pybus states.

Fuel oil profits, more than halved compared with the previous period which was very much aided by improved margins due to shortage of product.

Engineering suffered from a shortage of orders in the light and process sides, but showed better figures overall than could perhaps be expected, the chairman says.

Agricultural supplies and services, disappointing in 1979, recovered very well, but as previously the last quarter is expected to show a trading loss, which should, however, not be significant.

The board has put in hand a professional valuation of the more important of the group's

● comment

With AAH's record of riding out economic troughs in fairly good shape the current market rating, a prospective p/e, fully-taxed, of around 6 assuming a repeat of last year's earnings appears a mite churlish. The collapse in earnings from fuel oil was to be expected since margins over the period were roughly in line with those of 1978 as opposed to the bloated returns of the previous year due to the oil shortage. Higher stock profits on solid fuels over the period helped boost group trading profit but are unlikely to be a factor in the next three months. Longer term growth will largely depend on AAH's acquisition policy, which received a setback with the failure of its bid for Renwick. Assuming a 8.5p pay-out for the year the shares at 190p yield 7 per cent.

TR Energy £10m offer for sale

A FULL quotation is being sought for TR Energy, a UK oil and gas investment company which is offering for sale 10m 25p shares at £1 each (representing 50 per cent of the capital). The company, backed by merchant banker Kleinwort Benson, is to devote its investments to building up a wide spread of production and exploration holdings.

Around two-thirds of the company's investments will be in U.S. interests and the balance will be in the UK (onshore and offshore), Canada and Australia.

Under the terms of the offer, direct exploration drilling will be limited to a maximum of 20 per cent of the company's assets and the remaining 80 per cent will be in companies, partnerships and joint ventures which have oil and gas leases, production or reserves; a small proportion of the investments will be in oil services.

Lord Remnant is to serve as chairman of the company, which was originally formed last October with a £10m investment by 11 UK investment trusts in the Touche Remnant group. Mr. David Hooker, chief executive of Candecca, will also be on the Board as will Mr. Roger Brittain, a director of Touche Remnant.

Lord Remnant said on Monday that the idea for TR Energy developed six months ago when "we realised that this very fashionable oil area was a rather dangerous, but exciting one." There had been "some very hairy schemes going round the City," he said, and the philosophy of TR Energy would be to spread the risk.

This will be achieved by putting much of the money into the U.S., and by limiting direct drilling exposure.

TR Energy already has a portfolio of interests comprising direct stakes and shares valued at £7.8m. Further investments costing £4.3m have been approved in principle by the directors. The remainder of the £20m portfolio would be invested within the next 18 months.

Among the current holdings there are stakes in Candecca, Marinex, Floyd Oil Participations, Minden Oil and Gas, Pennine Resources, Ceres Resources and Strata Oil. There are also leaseholdings in the States.

Kleinwort Benson says that 5m of the shares offered have been preplaced and firm applications will be received for another 3½m shares. This would leave around 1½m shares for the public.

The company does not expect to pay dividends in the early years, being largely interested in capital appreciation. The directors described the company as a "long-term investment".

Lord Remnant said trading on the London Stock Exchange could begin a week from tomorrow. The issue will open at 10.00 a.m. on Monday.

● comment

Like the recent Oil and Gas Production offer, TR is a sound, carefully structured vehicle with a lower risk profile that many Canadian oil ventures that have been laid before UK investors in recent months. But unlike OGP, the investment portfolio has been structured to take in exploration and a broad spread of investment holdings. TR will attract investors who are wanting a wide exposure to the oil sector and is a fund geared towards long-term capital appreciation rather than short-term gains.

MINING NEWS

U.S. coal deal for British group

BY STEPHEN THOMPSON

THE UK mining and engineering group Burnett and Hallamshire (B and H) has exercised an option to acquire mineral rights and properties in a 3,800-acre coal prospect in Pennsylvania, U.S., in a deal worth US$10m (£4.55m).

B and H, through its wholly-owned U.S. subsidiary NSM Coal, purchased the mineral rights and properties from Mrs. Zella B. Gahagen.

The acquisition comprises the mining rights to most of the coal in the site, located on the eastern edge of the most northerly section of the Appalachian coalfield in Somerset County.

The option agreement, exercised last Friday, was taken out nine months ago and an investigation and drilling programme carried out between July and October last year.

A study of reserves undertaken by geologists of the National Coal Board's Opencast Executive estimates that the site contains approximately 15m tons of coal recoverable by opencast mining and a further 5m tons recoverable by underground mining.

Under the terms of the agreement, NSM paid an initial deposit of $300,000; a payment of $2.45m was made on exercise of the option and the balance of the consideration, amounting to $7.25m, is to be paid in seven annual instalments.

On the first anniversary of the exercise of the option, a payment of $1,651,704 is to be made, followed by $992,655 on the second anniversary, further payments of $808,830 on each of the next four anniversaries and a final payment of $1,370,321 on the seventh anniversary.

Interest will be paid on the consideration outstanding at a rate of 7 per cent per annum throughout the payment period.

B & H said yesterday that the deposit should have a life of between 15 and 20 years. The coal, according to B & H, is of a coking quality, second to none in the U.S.

The cost of developing the deposit is estimated at between $50m and $60m, which will be financed by overseas borrowings and existing resources.

B & H estimates that the deposit contains coal worth a conservative $500m at current coal prices. Current prices for coal of the quality of B & H's Gahagen property are in the region of $40 to $45 per ton.

B & H is hoping to commence production in around nine months, and expects that the mine will produce a cash flow within two years. The coal will be mined by drag-line methods using a 45 cubic yard capacity drag line and one of 15 cubic yards.

Although long-term sales contracts have not yet been completed, B & H said yesterday that negotiations with a possible buyer are currently in progress.

The property was worked until the early 1950s, at which time the Gahagen family closed the mine following a dispute with miners from the Gahagen township. The family has turned down a number of offers to purchase the property.

Takeovers cut Brinco profits

BY GEORGE MILLING-STANLEY

RESULTS OF Brinco of Canada for 1980 have been severely distorted by the takeover activity in which the company has been involved recently.

Net profits of the company, formerly the Canadian exploration arm of the Rio Tinto-Zinc group, are shown at C$899,000 (£335,000) or 1 cent a share, compared with C$18.91m or C$1.24 a share in 1979.

Results for 1979 were inflated by an extraordinary credit of C$18.2m arising on the sale of Brinco's 25 per cent stake in the Calgary oil and gas producer Coseka Resources to Canada's Teck Corporation.

During the past year, Brinco has spent C$89.58m on the acquisition of Cassiar Resources, a British Columbia asbestos producer, and a further C$10.55m has been invested in oil and gas, the main contributor to Brinco's profits.

The results of Cassiar for the period from November 18 to the year-end have been included in the full-year figures.

Control of Brinco passed from RTZ during the year to Olympia and York Developments, a Toronto property company, which now has a 50.1 per cent interest in Brinco. RTZ's stake has fallen to around 24 per cent.

The effect of this is to make Brinco a Canadian-controlled company for the purposes of the Foreign Investment Review Act.

Brinco's sales for the year jumped to C$18.07m from C$5.7m. Working capital at the year-end was C$11.23m, down from C$54.43m at the end of 1979.

Setback at Ayer Hitam in second half of year

Net profits in the second half of 1980 at the Malaysian tin producer Ayer Hitam have been hit by the sharp decline in production of tin concentrates.

The company's net profits for the period fell to M$2.27m (£449,772) compared with M$3.313m in the second half of 1979. This brought full-year profits to M$7.56m or 124 cents a share.

The interim dividend is being cut to 60 cents (11.9p) gross of Malaysian income tax at 40 per cent. The 1979 interim of 90 cents was followed by a final dividend of 115 cents.

During the six months to the end of December Ayer Hitam produced 724 tonnes of tin concentrates compared with 976 tonnes in the same period of 1979.

The average price received per picul of tin metal was marginally higher at M$2,010 against M$1,971 in the second half of 1979.

NORTH KALGURLI ACQUISITION

Australia's North Kalgurli Mines has purchased a 50 per cent interest in Teton Exploration Drilling Proprietary at a cost of A$5m (£2.64m).

Teton is a wholly-owned subsidiary of UNC Resources of the U.S. and holds a 25.5 per cent interest in the Honeymoon uranium project in South Australia as well as joint venture participation in other uranium prospects in Australia.

Fall in output hits Afton

THE British Columbia copper and gold producing Afton Mines, controlled by Teck Corporation, suffered a sharp decline in profits for the three months to December 31, following a fall in both production and prices.

Net profits were almost halved to C$2.75m (£1m), producing earnings of 72 cents a share against C$1.43.

The copper grade in Afton's ore fell to 0.89 per cent from 1.01 per cent and daily throughput declined to 6,500 tonnes from 7,600 tonnes, as a result of treating harder than normal ore.

The total output of blister copper was 27 per cent lower at 3,770 tonnes. Gold output fell by a similar percentage of 7,987 ounces, and silver production was 26 per cent lower at 53,409 ounces.

BIDS AND DEALS

Granwood builds Gaskell stake

A SMALL private holding company, **Granwood Holdings** has built up a 7.7 per cent stake in **Gaskell Broadloom**, the publicly quoted carpet distributor.

The move follows the attempts over the last week by stockbroker Rowe and Pitman to acquire a large stake in the company on behalf of Granwood. Originally Granwood was seeking to buy a near 15 per cent stake but so far has succeeded in acquiring 330,000 ordinary shares (7.7 per cent).

Rowe and Pitman said yesterday that it had ceased to buy on behalf of its clients any more shares in the company at the stated price of 64½p. On the basis of the offered price Granwood has paid £212,025 for its stake.

THORN EMI MERGE IN AUSTRALIA

AGREEMENT has been reached between **Thorn Electrical Industries Pty.** and **EMI (Australia)** that a merger of the two companies would result in significant advantage to the companies and would be to the benefit of their respective employees and the shareholders.

The proposal is endorsed unanimously by both boards.

Following the 1979 UK merger of Thorn and EMI, Thorn EMI is entitled to 61.8 per cent of EMI Australia's capital. It also wholly owns Thorn Australia.

The merger is to be effected by Thorn Australia making a *formal offer for all EMI Australia* stock units to which Thorn EMI is not presently entitled.

The offer will be $2.075 cash for every EMI Australia stock unit and is made on the basis that EMI Australia will not declare any further dividends with respect to the year ending March 31, 1981.

EMI Australia expects its pre-tax profits for the year ending March 31, 1981 to be of the order of $4m. Because of a change in balance date, EMI Australia's last annual report only covered nine months (July 1, 1979 to March 31, 1980) and in this period pre-tax profits of $1.7m were recorded. The incidence of tax in both 1979-80 and 1980-81 is insignificant because of tax losses carried forward.

Coopers now have 20% of Whitley

Mr. and Mrs. Claude Cooper, the Newcastle business couple, now control around a fifth of the shares in **Whitley Bay Entertainments**, the company for which Granada Group has already received acceptances from a majority of shareholders for its recent bid.

The Coopers bought nearly 9,000 more shares yesterday after buying some 15,000 on Monday. Their direct holding, combined with promised acceptances of its bid—300p a share against Granada's 215p (which has a more valuable share alternative)—gives them an *interest of around 20 per cent.*

The bid by the Coopers came after Granada had received acceptances from owners of almost half the shares.

Midland and Moracrest invests £1.25m in Spafax

AN ASSOCIATE company of Midland Bank, **Midland Bank Industrial Finance** and **Moracrest**, has invested £1.25m in Spafax Holdings, a Bath-based supplier of engineering parts.

The investment gives Midland and Moracrest—in which British Gas pension fund and Prudential Assurance are also shareholders—a 21 per cent stake in Spafax, whose shares are unquoted.

This holding was bought from West of England Trust, now part of Electra Investment Trust. The Midlands and Moracrest investment also includes £640,000 of Spafax preference shares.

Spafax made a pre-tax profit of £861,400 in its last financial year to March 29, 1980, but chief executive Mr. Tim Norman said yesterday that the 1980-81 figure would show a decline. As well as engineering parts, Spafax sells a shatterproof rear-view mirror for commercial vehicles.

Also announced yesterday was an investment of nearly £750,000 in shares and loan stock by Prudential, Castle Finance (owned by Norwich Union), and Caparo Group in Dual-Fuel Systems, a company recently formed in Luton to convert vehicles to run on gas as well as petrol.

WHITECROFT SELLS RYDER AND SON

THE business and certain aspects of **Thomas Ryder and Son**, the machine tool subsidiary of **Whitecroft**, have been sold to Sticksound, a wholly-owned subsidiary of **Gulf and Western Industries, Inc.** Completion is expected to take place tomorrow.

The aggregate consideration for the purchase is expected to be approximately £1.9m cash. Of this consideration £530,000 will be received on completion and the balance will fall due for payment during the next few months as customers' orders are delivered and commissioned.

Following completion, Whitecroft will have available for disposal Ryder's remaining premises and plant at Bolton which are expected to have a disposal value in excess of £1m.

Ryder incurred a trading loss in the year to March 31, 1980 of £536,000 and, in addition, provided £229,000 (after tax relief) for redundancy and other reorganisation costs.

Whitecroft announced on October 9, 1980 that, due to continuing losses in Ryder, the board said the subsidiary would be closed unless the business was sold wholly or in part as a going concern.

UNITED CARRIERS

United Carriers has completed the acquisition of the goodwill and assets of **Dor-to-Dor Carriers** (Brighton) parcels carrying business. The total cash payment was raised to about £653,000 with an additional £28,750 being paid following a stock valuation.

With bids due in tomorrow there is . . .

No lack of interest in acquiring Hornby

BY REG VAUGHAN

THE uncertainty felt by the 1,700 employees of **Hornby Hobbies** employees of Hornby Hobbies should soon be over. Bids for this remaining part of the old Dunbee-Combex-Marx group, which folded just over a year ago with debts of over £18m, are due to be in the hands of the receiver tomorrow.

There is not expected to be any lack of interest in acquiring this Margate-based manufacturer of the famous Hornby trains and Scalextric model car racing systems which is regarded as the jewel of DCM. But likely contenders are keeping very tight-lipped about their intentions.

The receiver is thought to be looking for a price of around £12m for Hornby which at its peak in 1978 was probably earning £4m pre-tax. It is thought to have traded at a profit of around £500,000 in 1980. Over the past year the receiver has been maintaining the group's presence with a strong advertising campaign. The toy trade has been impressed with the way the business has been run and good contacts have been made.

A strong contender for the Hornby business is certain to be Mr. Richard Beecham, a former joint managing director of the failed DCM group. Officially he is making "no comment" on his present position but he has never made any secret of his desire to add Hornby to an already impressive list of former DCM subsidiaries bought from the receiver.

Backed by a consortium, which includes County Bank, ICFC, U.S. toymaker Mego and Dutch and South African interests, Mr. Beecham's company Tamwade has already been successful in bidding for Burbank Toys, Combex and Pedigree Dolls and Toys which makes the Sindy fashion doll, a UK market leader. Earlier this year he purchased the Louis Marx subsidiary at Swansea.

Mr. Beecham is confident that Tamwade will make very satisfactory profits. He has put £500,000 of his own money into the company and has a stock option which if exercised would make him its largest individual shareholder.

Another possible UK bidder is a Barclays Development Capital-led consortium which may include the present Hornby management. Last November Mr. John Oakley, chairman of Berwick Timpo, the toy group, was asked by Barclays to prepare a report on Hornby as a prelude to a possible offer being made. Barclays said recently that it was reviewing the position and that no decision had yet been taken whether it was in bidding.

Far East interest in Ho has been expressed by K Industries, a Hong Kong pany, which already man tures toy trains for Pali Mainline model train bus there.

With the British toy ind in disarray Palitoy, a subsi of General Mills of the U.S. looked the only likely b from this area. Palitoy sidered Hornby but de against making an offer.

A number of other names tioned in the past year as interested parties have also themselves out of the co They are Grieveson Grant (s brokers to the old DCM gr Kleinwort Benson (advise the Hornby management a ago), Thomas Tilling, Leisure Group and Ge Electric Company.

DCM, which was acquired the liquidator of the L Brothers toy group which lapsed in the 1960s, came to in the highly competitive market after trying to inte two expensively acquired sidiaries. The end came be the holding company took too many commitments and guarantees in relation to the of the businesses.

Eva chairman advises rejection of Anglo offer

Mr. T. R. Astley, chairman of **Eva Industries**, has written to shareholders, on behalf of the independent directors, advising them not to accept the 40p per share offer from **Anglo Indonesian Corporation.**

Anglo—which held a 27.27 per cent stake in Eva—recently contracted to purchase further shares, which together with associates would take its holding to just over 30 per cent.

Under the Takeover Panel rules, Anglo is obliged to make a general offer to all other shareholders but holders of 9 per cent of the shares have already said they will not accept.

Anglo has said that it does not wish to own all of Eva's capital. It wants to see Eva continue as an independent listed company working closely with Anglo.

Mr. Astley points out that in his interim statement in November he said that his view was the trading conditions would not improve in the early future, and that remains his view. In these circumstances, while he is confident that the company is in a sound position to face the future, there is an obvious need to safeguard the company's cash resources.

Therefore, he does not believe that it will be appropriate to recommend more than a nominal dividend at best for the year to March 31, 1981.

UBM BUYS SCAFFOLD SIDE OF INT. TIMBER

UBM Group is buying the scaffolding interests of **International Timber** in East Anglia for £1.2m cash.

The sale covers seven units operating under the Jewson Scaffolding name, which although profitable, is a subsidiary interest to the merchants division of International Timber which is not otherwise engaged in contracting.

The acquisition will give UBM's scaffolding side coverage in an area where it has not previously been represented—group turnover in scaffolding was £10m last year.

Mr. Simmonds buys more Stroud and bids for rest

MR. STEFAN SIMMONDS, chief executive of **Stroud Riley Drummond** the Bradford textile group, is making a general offer to all shareholders following the acquisition of further shares which takes his holding in the company up to 38.9 per cent.

Mr. Simmonds, who already controlled 29.9 per cent of Stroud's capital through his privately-owned Simco Supermarkets company, has taken up an option on a further 9.1 per cent of Stroud shares at 42p each.

He announced in November that he had entered into an option agreement with Mr. Joseph Selka, a director, and various members of the Selka family and associates, in respect of 322,257 shares.

Mr. Simmonds is required to make a general offer to all other shareholders under the terms of the City Takeover Code. At 42p, his offer values the company at £1.45m. The shares closed 2p lower at 48p yesterday.

The bid, which is being made by Astaire and Co., is not being accepted by the directors and families in respect of the 20.87 per cent of the capital they own or control. And the board, advised by N. M. Rothschild and Sons, will be recommending other shareholders not to accept the offer. The Selka family and associates hold 5.9 per cent of the Stroud capital.

NEW COURT IN TEXAS OIL DEAL

New Court Natural Resources has offered to acquire certain producing oil and gas properties in West Texas for $4.4m. Based on an independent evaluation the net proved attributable reserves are about 350,000 bbls of oil.

Trust to buy remainder of Centreway

Centreway Trust, the for George Whitehouse (Engin ing), which owns 29.8 per of Centreway, and shares same chairman, Mr. A. J. Cr is to bid for the rest of company.

The bid is apparently formality as other sharehold controlling 21 per cent of equity of Centreway h "irrevocably" agreed to the o

The terms of the bid are nominal of 11 per cent prefere shares in Trust, plus 60p in c for every Centreway share. T values Centreway's shares at 1 against an unchanged ma price of 123p. Trust's sh were unchanged in the ma at 130p.

PERGAMON BUYS INFOTECH ASSETS

Pergamon Press has bo for cash from the liquidator assets of Infotech, the data cessing, education and tra organisation.

The company, which resu trading this week under name of Pergamon-Infotech, provide improved confer and training services to indu and commerce, and will ex the product range to include activities in the informa technology field, including processing, office automation the use of computing in pri and publishing.

Meanwhile, Pergamon firms that its current holdin William Collins and Sons (ing), totals 295,600 ordi shares (7.175 per cent).

PICKINGTON VENTURE

It is reported from New that Pilkington Brothers National Patent Develop Corporation have signed a venture agreement to ex National Patent's soft con lens worldwide business.

The agreement has initiated with Pilkington ma a convertible loan of $10m National Patent's optical gr Pilkington has the right ove next four years to convert loan and to purchase additi equity interest in Nati Patent's optical group.

RESULTS AND ACCOUNTS IN BRIEF

LEOPOLD JOSEPH STERLING FUND—Revenue deficit £13,709 for the year ended December 29, 1980 (£17,270 surplus for period May 17, 1979, to December 31, 1979). No dividend (£17,270). Capital account produced gains on realisation of investments during year of £773,507 (£208,993). Unrealised gains on investments held at December 31, 1979, were £36,009 (nil) and excess premium on participating shares repaid was £430,924 (£50,998). Unrealised gain on investments held at December 29, 1980, was £128,330 (£36,009). Balance brought forward £194,004 (nil), making balance £268,908 (£194,004).

GLASS GLOVER GROUP (importing, marketing, storing, distributing and wholesaling of fruit and vegetables)—Results for year ended September 30, 1980, and prospects reported January 28. Shareholders' funds £2.17m (£2m). Cash £1.92m (£1.69m). Meeting, Connaught Rooms, WC, March 24, noon.

ALLIED TEXTILE COMPANIES—Results for year ended September 30, 1980, reported January 30 in full preliminary statement. Auditors have been unable to verify a £250,000 provision made by directors as part of extraordinary items charged to cover estimated costs of further rationalisation, which they consider will take place in 1981. Capital expenditure contracted but not provided for £9,000 (£740,000)—further £26,000 (£74,000) authorised. Meeting, Huddersfield, April 3, 11 am.

TWENTIETH CENTURY BANKING CORPORATION (P & O subsidiary)—Pre-tax profits for 1980 £3.09m (£1.7m). Chairman stresses this stems from genuine expansion of business with very little "endowment" benefit from high interest rates. Loan book increased from £38.5m to £61.7m. Shareholders' funds £12.32m (£10.27m). The name of company is to be changed to TCB on March 16.

WILLOUGHBY'S CONSOLIDATED CO.—Turnover for year to September 30, 1980 £912,745 (£767,811); pre-tax profit £308,294 (£248,005) including associate's £154,245 (nil). Tax £205,371 (£184,379); to minorities £19,906 (nil); extraordinary debit £11,205. Earnings per 50p share 4.5p (3.4p). Again no dividend. Company holds 45 per cent of Northchart Investments, incorporated and operating in Zimbabwe and a fellow subsidiary of Lonrho. Until lifting of sanctions against Zimbabwe in December, 1979, Willoughby's was not in a position to participate in the policy decisions of Northchart and accordingly, 1980 was first year in which Northchart was treated as an associate.

EVODE HOLDINGS (adhesives, sealants maker)—Results for year ended September 27, 1980 reported January 30 in full preliminary statement. Shareholders' funds £9.74m (£8.48m). Bank loans and overdrafts £323,000 (£750,000). Cash £635,000 (£72,000). Board anticipates that this year's results may revert to the trend of previous years, with seasonally better profitability in the second half. Meeting, Stafford, March 26, noon.

GLASGOW STOCKHOLDERS TRUST—Results for 1980 reported February 10. Total investments £23.19m (£17.62m). Debenture and loan debt £2.34m (£1.8m). Net assets £22.32m (£16.63m). Meeting, Glasgow, March 20, noon.

MELDRUM INVESTMENT TRUST—Results for 1980 reported February 19. Total investments £18.22m (£13.31m). Liquidity decreased £48,000 (£15,000). Meeting, 2 St. Mary Axe, EC, March 24, at 11.30 am.

WAGON FINANCE CORPORATION—Results for 1980 reported February 14. Shareholders' funds £10.77m (£10.74m). Bank loans and overdrafts £38.22m (£39.56m), deposit loans £4.9m (£3.94m): While chairman believes that volume of new business advances will continue to be affected by current recession and rising unemployment, he is confident that company will be in a strong position to take advantage of any upturn in economy. Meeting, Sheffield, March 27, noon.

ASHDOWN INVESTMENT TRUST—Results for year ended November 30, 1980 reported January 29. Ordinary shareholders' equity £28.41m (£18.75m). Listed investments in UK £14.62m (£13.32m), outside UK £14.2m (£7.38m), unlisted £1.28m (£0.44m). Meeting, 120, Cheapside, EC, March 24, 3 pm.

PHOENIX MINING AND FINANCE (finance and investment)—Results for the year to end-September, 1980, already known. Shareholders' funds £274,676 (£409,031), bank overdrafts secured £78,938 (£4,744). Negotiations with regard to the purchase of 50 per cent of private property company have reached advanced stage and it is envisaged that shareholders will be informed of the outcome of the negotiations at or before the AGM. Meeting, Winchester House, EC, March 31, noon.

CARDINAL INVESTMENT TRUST—Results for 1980 reported February 13. UK listed investments £17.47m (£14.37m), overseas £10.5m (£6.82m), unlisted £1.72m (£1.09m). Shareholders' interest £28.02m (£19.17m). Meeting, 1, Laurence Pountney Hill, EC, March 25, noon.

TEMPLE BAR INVESTMENT TRUST (Electra House Company)—Results for 1980 reported February 24. Listed investments £40.76m (£33.5m), unlisted £2.71m (£1.82m). Shareholders' funds £41.48m (£35.09m). Directors consider there are advantages in keeping a small part of portfolio overseas, rather than eliminating overseas element completely. In particular, investment in technology companies overseas will complement UK portfolio. Meeting, Electra House, Temple Place, EC, March 23, 10.45 am.

EAST ANGLIAN WATER—Results for 1980 already known. Shareholders' funds £10.2m (£8.38m). Bank overdraft £489,273 (£183,522). Current assets of £2.7m (£1.21m) includes short-term loans of £1.65m (£200,000). Meeting, Lowestoft, March 19, 3 pm.

EUROTHERM INTERNATIONAL (electronic equipment manufacturer)—Results for year to October 31, 1980, reported on January 28, 1981, with prospects. Shareholders' funds £7.2m (£5.98m): bank overdrafts £2.17m (£2.86m). Meeting, Eardley Hotel, Worthing, March 10, at noon.

BULLOUGH (engineering products, furniture)—Results for year ended October 31, 1980, reported January 30. Shareholders' funds £19.68m (£18.81m), bank overdrafts and short-term loans £1.99m (£844,000), cash at bank and in hand £984,000 (£1.81m), loans £1.38m (£1.87m). Electra Investment Trust held 12.1 per cent of equity at February 16. Meeting, 20, Cannon Street, EC, March 26, 10.15 am.

LONDON AND LOMOND INVESTMENT TRUST—Results for year to December 31, 1980 reported on February 19, 1981. Investments at valuation £28.04m (£22.95m) including market value of UK listed £20.42m (£16 Cash at banks £363,842 (£16 Meeting, 2 St. Mary Axe, EC, M 25, at noon.

TRIBUNE INVESTMENT TR Results for the year to end-Dece 1980, already known. Market va portfolio at year end totalled £ (£23.68m), an increase of 28 cent. Capital reserves rose by to £10.32m. Net asset valu ordinary shares improved by 39 record 123.9p. Directors believe rate of dividend can be maintai current year though revenue wi rise at the same rate, at least UK. Dividends for 1980 totalled net (2.33p) and net revenue £883,242 (£770,166). Lord Edm shown as holding 1.73m of the pany's shares (6.47 per cent). Mee 88 Leadenhall Street, EC, March 2.30 pm.

GENERAL CONSOLIDATED INV MENT TRUST—Results for the y end-December 1980, annou February 19. At year-end inves in the UK listed at mid-market totalled £21.57m (£17.76m) with seas investments at £5.57m (£3. Unlisted at directors' valuation £306,072 (£288,497). Balance bankers stood at £30,081 (£19 with short-term deposits at £ (£1.49m). Capital reserves are sh as £19.6m (£14.56m). Board do expect much of an increase in reve if any, in the current year. Mee 1 Brewer's Green, Buckingham G SW, March 26, 2.30 pm.

CREST NICHOLSON (pro development, optical products, veying systems)—Results for ye October 31, 1980, reported Februa with prospects. Shareholders' £15.39m (£9.14m). Net liquidit £1.97m (down £1.45m), bank loan overdrafts £371,000 (£50,000). Me Walton-on-Thames, Surrey, Marc at noon.

RIVER AND MERCANTILE TRU Results for 1980, announced Febr 13. Valuation of investments at end £38.01m (£31.5m), shareho interests stood at £36.7m (£ indicating unrealised apprecia investments £12.38m (£9.38m). Sco Widows' Fund and Life Assu Society holds 5.98 per cent. Dire expect to maintain dividends in current year. Meeting, 44 Bloom Square, WC, March 26, 12.15 pm.

A copy of this document, having attached thereto the documents specified herein, has been delivered to the Registrar of Companies for registration.

Application has been made to the Council of The Stock Exchange for the whole of the issued share capital of TR Energy Public Limited Company (the "Company") to be admitted to the Official List.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has also been made to list the whole of the issued share capital of the Company on the Luxembourg Stock Exchange.

The application list for the Shares Offered will open at 10.00 a.m. on Monday, 9th March 1981 and may be closed at any time thereafter.

TR ENERGY

PUBLIC LIMITED COMPANY

(incorporated in England and Wales under the Companies Acts 1948 to 1976)

Offer for Sale

by **Kleinwort, Benson Limited** of

10,000,000 shares of 25p each at a price of £1 per share payable in full on application

Directors

The Lord Remnant C.V.O. *(Chairman)*
Bear Ash, Hare Hatch,
Reading RG10 9XR

R. W. Brittain *(Managing Director)*
90 Broxash Road, London SW11 6AB

P. J. G. Elwes
75 Murray Road, London SW19 4PF

D. S. Hooker
29 Smith Terrace, London SW3 4DH

D. H. LeRoy-Lewis
Bramlands, Woodmancote, Henfield,
Sussex BN5 9TQ

Secretary and Registered Office

Leon Walter Baker F.C.I.S.
Winchester House, 77 London Wall,
London EC2N 1BH

Oil and Gas Consultant

Jebco Petroleum Development N.V.
PO Box 840, 4 Middenstraat, Curaçao,
Netherlands Antilles

Investment in the Company is speculative. Your attention is drawn in particular to the section headed "Risk Factors".

Kleinwort, Benson Limited has been informed that applications will be received in respect of a total of 8,500,000 of the Shares Offered. Applications for 5,000,000 of the Shares Offered will be accepted in full. The balance, comprising 5,000,000 shares, has been underwritten.

The procedure for application and an Application Form are set out at the end of this Offer for Sale.

Share Capital

Authorised		*Issued and Fully Paid*
£6,250,000	In shares of 25p each—Prior to the Offer for Sale	£2,500,000
	Pursuant to the Offer for Sale	£2,500,000
£6,250,000		£5,000,000

Indebtedness

Other than intra-group liabilities, at 13th February 1981 neither the Company nor any of the Subsidiaries had any loan capital (including term loans) outstanding, or created but unissued, or borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, mortgages, charges or guarantees or other material contingent liabilities.

Dividends

The Shares Offered will rank in full for all dividends declared or paid on the issued share capital of the Company.

Stockbrokers to the Company

James Capel & Co.
Winchester House,
100 Old Broad Street,
London EC2N 1BQ

Solicitors to the Company and the Offer

Freshfields
Grindall House, 25 Newgate Street,
London EC1A 7LH

Auditors and Reporting Accountants

Touche Ross & Co.
Chartered Accountants
Hill House, 1 Little New Street,
London EC4A 3TR

Receiving Bankers

Kleinwort, Benson Limited
10 Rood Lane,
London EC3M 8BB

Bankers

Bank of Scotland
30 Bishopsgate, London EC2P 2EH

Transfer Agent in Luxembourg

Credit Industriel d'Alsace et de Lorraine,
103 Grand Rue,
Case Postale 124,
Luxembourg

Registrars

National Westminster Bank Limited
Registrar's Department, PO Box 82,
37 Broad Street, Bristol BS99 7NH

TR Energy

TR Energy was formed by Touche, Remnant, a UK investment management company which is wholly-owned by the Investment Trusts. Touche, Remnant provides management services to the Investment Trusts, a number of pension funds and other clients; it presently has funds under management in excess of £1,000 million. The investment strategy of each Investment Trust is set by the Investment Trust's board, which is independent of Touche, Remnant.

The Investment Trusts have long been convinced of the attraction of investing in the energy industry and consequently have built up a wide spread of mainly listed interests in the energy and energy related sectors. In more recent years the investment potential of smaller, and often unlisted, companies in these sectors has become increasingly apparent. Prior to the formation of TR Energy, the Investment Trusts individually assessed each new opportunity. In view of the variety of complex and often innovative proposals being considered in these sectors, this proved very time consuming. It was therefore considered that specialised management was essential in this area. Accordingly, TR Energy was established with the necessary management expertise to consolidate some of the Investment Trusts' smaller energy related investments and to provide a medium for further investment, without prohibiting the Investment Trusts from continuing to invest in similar energy opportunities. The demand for a well managed energy investment holding company of this nature is recognised and therefore TR Energy, at present owned by the Investment Trusts, is being expanded to allow other investors to participate through this Offer for Sale, the proceeds of which will be used to further the Directors' investment policy described below.

Investment Policy

The prime objective of the Directors is to build up investments in oil and gas production and reserves directly and through other companies, partnerships or joint ventures. The Directors will limit the deployment of the Group's capital in companies, partnerships and joint ventures solely engaged in exploration drilling.

The Directors' policy will be to spread investments among the production, development and exploration sectors of the oil and gas industry, in a number of operating companies and within different geographical locations: degrees of risk will vary accordingly. The Directors expect that for the next two or three years approximately 90 per cent. of the Group's assets will be invested in this way with the balance in oil and gas service companies. They anticipate that investments will be held on a long-term basis, subject to constant review, and believe that a consequence of their policy will be a significant appreciation in the capital value of the Group's investments.

It is the Directors' intention that at least 80 per cent. of the Group's assets will be invested directly in, or through other companies, partnerships and joint ventures which have, oil and gas leases, production or reserves, including a small proportion in oil and gas service companies. The Group's investment in companies, partnerships and joint ventures solely engaged in exploration drilling will be limited to a maximum of 20 per cent. of the Group's assets. The portfolio at the date of this document already contains a large part of the exploration drilling investments it is intended to make. Further investments, including some currently being considered, will be made in existing oil and gas production and reserves, with a view to establishing a major portion of the Group's assets in producing reserves or reserves which are capable of development without significant additional calls on the Group's assets. The risk level of exploration drilling will vary from the relatively high risk of the existing investments in two North Sea Seventh Round consortia to the lower risk of drilling in established oil and gas onshore basins.

In covering the different sectors of the oil and gas industry the Directors will look particularly for opportunities to back management. They intend to continue their policy of taking stakes in small oil and gas companies, many at present unlisted, which already have some production interests and reserves and which, in addition, have potential for growth. This potential may be realised by drilling in established productive areas where increased prices have led to improved economics, or where improved recovery techniques offer the possibility of higher returns, or where improved exploration techniques have, or can identify, prospects not previously recognised. The Directors will also consider the purchase of established production interests or royalties but only where there is potential for growth in revenue, for instance through further development drilling or improved recovery techniques.

It is proposed that the Group will also acquire reserves and production by completion financing. This is normally achieved by supplying the equipment necessary to bring a well into production after commercially viable reserves have been proven. In addition to retaining ownership of such tangible equipment, the Group may as a result earn a working interest in such a well or acquire a royalty interest.

It is expected that the Group will make a number of direct investments in leases, particularly in the United States, as a means of building up acreage in areas with established oil and gas production and investing at an early stage in oil and gas exploration programmes. The drilling of the first wells under these leases will normally be carried out by industry partners at their expense and risk. The Group will retain an interest in such acreage, and in any proven reserves resulting from successful exploration drilling, by way of working interests, royalties or rights to participate in development drilling, as may seem appropriate. Furthermore, successful drilling may also enhance the value of the remaining land under lease.

In the longer term it is the Directors' intention to diversify the Group's investments to include different energy sources and other oil and gas service companies. In addition, the Directors will look for reserves which will benefit from new technology; these could include heavy oil and oil-bearing shale.

Geographically, the Directors will continue to build up the Group's interests in the United States, which the Directors consider to be an attractive area for investment, to a level of around two-thirds of the Group's investments. The Group has already made some investments in the United Kingdom (both in the North Sea and onshore), and intends to build up investments in Canada (particularly if Government regulations concerning Canada's pricing policy for oil and gas change favourably) and in Australia. Other opportunities may be taken in less politically secure areas where the potential reward is considered to justify the greater risk.

It is intended that the Group's funds will normally be fully invested. However, from time to time liquidity may be built up if no suitable investments are available in accordance with the Group's planned investment programme at the time or if, in the view of the Directors, the economic outlook or the state of world markets does not warrant new investment. To the extent that borrowings are necessary, these will only be made on a short-term basis.

In order to achieve the Directors' policy outlined above, efforts are being made to locate opportunities in each sector. Many investment opportunities which the Directors have chosen have come through their personal contacts, especially in the United States. These often have the additional advantage that the size, structure and specific nature of the investment can be tailored to suit the Group's requirements.

Where an investment proposal accords with the Group's investment policy, a detailed appraisal of the proposal is made: this includes both an evaluation of the expected return on the investment, having regard to technical analysis and commercial aspects, and also an assessment of the current management and of the political and economic risks in the geographical location of the proposed investment. In making such an appraisal, the internal expertise available to the Group is normally augmented with advice from its oil and gas consultant, Jebco, or from independent geophysical or geological consultants familiar with the particular area of investment.

When a decision is taken to make an investment, the normal maximum size of that investment is £1 million. Furthermore, the Group's investment in associated companies is not expected to exceed 10 per cent. of the Group's assets. In cases where, for any reason, the risk attached to an investment is considered higher than average, the size of the investment is restricted as appropriate. The Directors believe that there is a well-developed market in oil and gas interests of all kinds, particularly in the United States, and the resulting marketability of such interests is a factor in the Directors' investment policy.

Definitions

"TR Energy" *or* **"Company"**	TR Energy Public Limited Company.
"Shares Offered"	The 10,000,000 shares of 25p of TR Energy the subject of this Offer for Sale.
"Directors"	The present directors of TR Energy.
"TR Investments"	TR Energy (Investments) Limited.
"TR U.S."	TR Energy (U.S.) Limited.
"TR Finance"	TR Energy (Finance) Limited.
"TR Inc."	TR Energy Inc.
"Subsidiaries"	TR Investments, TR U.S., TR Finance and TR Inc.
"Group"	TR Energy and the Subsidiaries.
"Touche, Remnant"	Touche, Remnant & Co.
"Investment Trusts"	Eleven investment trust companies, managed by Touche, Remnant, which are the present shareholders of TR Energy.
"Jebco"	Jebco Petroleum Development N.V.

Glossary of Terms

The following explains some technical terms as used in this document.

Development Drilling	is drilling within a field boundary or an area of established production. Such drilling is not without risk, but the risk is of a lesser order than with exploration drilling.
Exploration Drilling	is drilling on an untested prospect identified by geological interpretation, where the presence of oil or gas has not been established. Such drilling is high risk, the odds against success being defined by the specific technical factors involved.
Lease *or* **Oil and Gas Lease**	means rights authorising the owner to explore for and produce oil or gas, and contractual rights to acquire any such leases.
Licence	may, in the United Kingdom, permit exploration of or production from onshore acreage. Offshore licences permit exploration and production. Such licences normally specify work obligations during the initial phase of the licence. Licences are for finite terms, are revocable if their conditions are not met, and are subject to acreage surrender provisions.
Oil and Gas Service Company	is a company supplying services of any kind, including management, to the oil and gas industry. Such services may include support for operations in the form of oil or gas storage, pipelines or other transportation facilities; well drilling and workovers; supply services for hardware and consumables; or technical services relating to exploration, drilling, production and treatment of crude oil, gas or products.
Reserves	are classified as to their degree of certainty as follows: proven reserves which are the quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in the future from known oil and gas reservoirs under existing economic conditions; probable reserves which are those which are supported by favourable engineering and geological data but which are subject to some element of risk which prevents classification as proven reserves; and possible reserves which are those for which a substantial degree of uncertainty exists.
Royalty	is a proportion of production or revenue directly relating thereto payable to a licensing authority or to a lease owner.
Working Interest	is the operating interest, created by a lease or licence, which grants the owner thereof the right to share in production or revenues from the production of any hydrocarbons covered by the lease or licence and the right to drill and own any well located on the area covered by the lease or licence, subject to the obligation to pay all costs and expenses in connection with exploration, development and operating of any wells on the lease or licence. The working interest may be owned by one or more persons in various undivided fractions.

The Directors believe that they will also be able to identify similar but shorter-term investment opportunities and accordingly have established a small dealing subsidiary, TR Finance, to deal in energy related securities.

Investments are allocated to the most appropriate company within the Group having regard to legal and taxation considerations (see Appendix I).

Directors

The Directors of the Company are as follows:—

The Right Honourable James Wogan Baron Remnant *(Chairman)*, aged 50, is Joint Managing Director of Touche, Remnant and a director of a number of listed companies, including Ultramar Company Limited of which he is Deputy Chairman.

Roger William Brittain *(Managing Director)*, aged 43, has been involved in merchant banking for a number of years, specialising in investment management. He also headed the oil and gas department of Edward Bates & Sons Limited. At the beginning of 1980 he joined the board of Touche, Remnant and now has special responsibility for the development of TR Energy. He is a director of Oil and Gas Production Limited, the companies forming the ESW 1980 Fund, Flamstone Oil & Gas Limited and Nord Petroleum Corporation.

Peter John Gervase Elwes, aged 51, is a director of Kleinwort, Benson Limited. He was formerly Managing Director of Hamilton Brothers Oil and Gas Limited. Prior to this he held a number of senior appointments in the Rio Tinto-Zinc Corporation. He has been involved with the natural resources and energy related industries since 1956.

David Symonds Hooker, aged 38, is Managing Director of Candecca Resources Limited, Candecca North Sea Limited and Pennine Resources Limited.

David Henry LeRoy-Lewis, aged 62, is Chairman of stockjobbers Akroyd & Smithers Limited and a member of the Council of The Stock Exchange. He is also a director of Touche, Remnant and of Century Power and Light Company Limited.

Lord Remnant and Mr. LeRoy-Lewis are directors of certain of the Investment Trusts.

As mentioned herein, some of the Directors are also directors and shareholders of certain companies in which the Group has made investments (see paragraph 9(b) of Appendix II). This may lead to a conflict of interests and in certain circumstances transactions in such investments may be restricted. Certain of the Directors are also interested in various companies which carry on activities similar to those of the Group (see above).

Management

The Directors' experience is augmented by management services provided by Touche, Remnant and by the advice of Jebco. The Directors also make use of other consultants and other experts when considering investment proposals. A detailed summary of the investment process is set out above under the heading of Investment Policy.

Pursuant to an agreement dated 4th February 1981, Touche, Remnant will provide management and advisory services to the Group for an initial period of 5 years which commenced on 1st October 1980. These services include day-to-day management advice, secretarial and accounting services and the provision of Mr. Brittain's services as managing director of TR Energy. Touche, Remnant will receive an annual fee, payable quarterly, equal to 1·0 per cent. of the gross assets of the Group.

Oil and Gas Consultant

Jebco was established in 1978 to provide comprehensive consultancy services in all phases of international energy exploration work. These services are provided by a permanent staff of geophysicists and geologists who possess wide experience in the various technical and allied disciplines of oil and gas exploration and production. The permanent staff is supplemented by independent consultants when necessary. The principal executives of Jebco are Mr. John E. Bobbitt, who has had extensive experience as a geophysicist with Humble Oil & Refining Co., Arabian American Oil Co. and Esso Exploration Inc., and Mr. Peter Dolan, a geologist who was formerly with various affiliates of Mobil Oil Corporation and with Ball & Collins (Oil and Gas) Limited.

TR Energy has entered into a consultancy agreement made on 19th January 1981 with Jebco pursuant to which Jebco will provide consultancy services to the Group. This consultancy agreement will continue until terminated by either party giving to the other 6 months' notice of termination. Jebco will receive a fee of £5,000 per annum, reviewable half-yearly, and the reimbursement of agreed costs and has been granted an option to subscribe for a maximum of 50,000 shares in TR Energy at a subscription price of £1 per share. This option entitles Jebco to subscribe for a maximum of 10,000 shares for each completed year of its consultancy from 1st October 1980 to 30th September 1985 and may not be exercised any later than 30th September 1987.

Initial Issue

On 7th October 1980 a total of 9,999,992 shares of 25p each in TR Energy were issued to the Investment Trusts at a price of £1 per share. The aggregate consideration of £9,999,992, paid in full on allotment, was contributed in three different ways:—

(i) by transferring energy related investments held by the Investment Trusts at their market value on 30th September 1980 or at an agreed value where no market existed;

(ii) in satisfaction of interest-bearing loans advanced by the Investment Trusts to finance the Group's acquisition of part of its initial portfolio; and

(iii) in cash.

The decisions to apply for shares in TR Energy, and the form the consideration should take, were taken by the independent boards of each of the Investment Trusts, and details of these shareholdings and the consideration paid are set out in Appendix II.

The Investment Trusts have each confirmed that they intend to hold their shares in TR Energy as a long-term investment and do not intend to apply for any of the Shares Offered. However, the Investment Trusts will be offered sub-underwriting participations for, in aggregate, 1,500,000 of the Shares Offered and may accordingly be obliged to take up some or all of such shares.

Dividend Policy and Financial Statements

In the earlier years it is unlikely that the majority of the Group's investments will be revenue bearing and consequently it is not anticipated that the Company will pay other than minimal dividends in this period. However, the Directors hope to follow a policy of steadily increasing dividends thereafter.

The accounting reference date of the Company is 30th June. The Group's first audited financial statements will be made up to 30th June 1981. However, the Directors have produced interim financial statements made up to 31st December 1980 for the purpose of this Offer for Sale.

Present Portfolio Investments of the Group

The structure of the Group and its investments as at 2nd March 1981, the date of this document, are set out in Appendix I. Brief details of the portfolio investments, together with their respective values as stated in the Group's interim financial statements at 31st December 1980 and adjusted for subsequent acquisitions and disposals, are set out below. These investments are divided into areas in which the Directors understand each entity principally operates.

	£'000
(a) US Exploration and Production	
Discovery Oil Limited	45
Minden Oil & Gas Inc.	209
Nord Petroleum Corporation	1,046
Oil and Gas Production Limited	483
Pennine Resources Limited	799
	2,582
(b) US Leases	
Seahawk Oil International, Inc.	62
SOCO 1980 Southeast Piceance Basin Acreage Program	694
	756
(c) US Onshore Drilling	
Ceres Resources Limited	176
ESW 1980 Fund	1,244
London Energy Group II	103
SOCO 1980 Diversified Exploration Program	395
	1,918
(d) US Oil and Gas Services	
The Minoco Group of Companies, Ltd.	444
(e) UK Onshore Exploration	
Candecca Resources Limited	450
Floyd Oil Participations Limited	220
Marinex Petroleum Limited	448
	1,118
(f) North Sea Exploration	
Candecca North Sea Limited	188
Flamstone Oil & Gas Limited	23
Invent Energy Limited	263
	474
(g) UK Oil and Gas Services	
Tasal Services Limited	250
(h) Australian Onshore Exploration	
Strata Oil N.L.	277
Total Present Portfolio Investments of the Group	7,819

Certain investments, which will cost approximately £4·3 million, have been approved in principle by the Directors. At the date of this document it is not possible to be certain if all of these investments will be made; however, if they are, £2·8 million would be likely to fall due for payment after 2nd March 1981 but on or before 9th March 1981 (the date the application list will open). There are also contracted commitments on existing investments amounting to £0·6 million and a further £1·0 million (of which £0·4 million has arisen since 31st December 1980) may be required in respect of uncalled share capital on existing investments (see note (4) of the accountants' report). Following this Offer for Sale, the Directors consider that suitable investment opportunities will arise to invest the net proceeds within the next 18 months in accordance with the investment policy set out above.

Taxation

Income from investments held by the Group, other than TR Inc., will be liable to UK corporation tax which is currently 52 per cent. TR Inc. is a US incorporated and resident company and will therefore be liable to US taxation.

TR Finance will pay UK corporation tax at 52 per cent. on its dealing profits rather than at the lower rate applicable to chargeable gains.

Overseas tax suffered on income which is taxable in the United Kingdom will be allowed as a credit against the UK tax attributable to the extent that it does not exceed that UK tax.

CONTINUED OVERLEAF

TR ENERGY
PUBLIC LIMITED COMPANY

The Group, other than TR Inc. and TR Finance, will be liable to UK corporation tax on chargeable gains accruing on the disposal of investments at a current effective rate of 30 per cent. Overseas tax suffered on such gains may be credited against UK tax due in respect of the gains to the extent that it does not exceed that UK tax.

Dividends paid by the Company will entitle recipients resident in the United Kingdom to a tax credit equal to the advance corporation tax applicable to the dividend, currently at the rate of 3/7ths. The credit, if any, available to other shareholders will depend on the relevant double taxation convention. **If investors are in any doubt as to their own position, they should consult their own advisers.**

The Directors have been advised that the Company is not, and is not expected to be, a close company within the meaning of the Income and Corporation Taxes Act 1970.

Risk Factors

Many investments in the energy sector are of a speculative nature, in particular those dependent on exploration for, or recovery of, oil and gas. The economic assessments that the Group will make, particularly as regards the future price of oil and gas, general economic conditions and the costs and revenues of particular projects, will be subject to uncertainty. The Group's investment decisions will be based on available technical and other information, much of which will involve subjective judgement and interpretation.

In addition to the matters discussed elsewhere in this document the following matters, *inter alia*, should be considered:—

(a) Production, development and exploration operations are subject to a wide range of physical hazards including bad weather, pollution, fire and marine perils, not all of which may, or can, be insured against.
(b) The oil and gas industry is the subject of government regulation and is a major source of taxation revenue. These factors may adversely affect the capacity of the Group to earn satisfactory profits.
(c) The Group may, in certain circumstances, be unable to raise sufficient finance to meet its proportion of development costs which may arise as a result of current or future investments. As a consequence, the Group might be forced to reduce its interest in any such development programme.
(d) Certain current investments of the Group do, and future investments may, contain restrictions as to transfer.
(e) Direct investment in the energy industry may involve the Group in a number of material contingent liabilities, and operators may acquire liens or security interests over its oil and gas interests for payment of contracted obligations.
(f) In certain interests in which the Group has invested or may invest, conflicts of interest may exist or arise which might adversely affect such investments.
(g) The availability of a ready market for any oil or gas discovery will depend on a number of factors beyond the Group's control. These include, *inter alia*, competition from alternative energy sources and availability of pipeline or transportation facilities.

Although it will be the policy of the Group to minimise the impact of these risks through careful evaluation and monitoring of individual investments and through the adoption of an appropriate strategy for the spread of risk, the Shares Offered are suitable only for investors who can bear the risk of the loss of their investment.

Accountants' Report

The following is a copy of a letter received from Touche Ross & Co., *Chartered Accountants*, TR Energy's auditors:

Hill House
1 Little New Street
London EC4A 3TR

The Directors
TR Energy Public Limited Company
Winchester House
77 London Wall
London EC2N 1BH

2nd March 1981

Dear Sirs,

We have prepared this report for inclusion in a document to be dated 2nd March 1981 relating to the Offer for Sale by Kleinwort, Benson Limited of 10,000,000 shares of 25p each in TR Energy Public Limited Company (the "Company") at a price of £1 per share for cash, for which, together with the existing 10,000,000 shares of 25p each issued by the Company, an application has been made for admission to the Official List of The Stock Exchange.

Interim financial statements of the Company and its subsidiaries have been prepared by yourselves for the period from 22nd August 1980, the date of incorporation of the Company, to 31st December 1980. The Company and its subsidiaries are collectively referred to in this report as the "Group". The interim financial statements will not be laid before the shareholders in general meeting.

The summarised consolidated revenue account, balance sheets and statement of source and application of funds set out below are based on the interim financial statements of the Group and are in accordance with its accounting policies.

In our opinion the summaries set out below give a true and fair view of the state of affairs of the Company and the Group at 31st December 1980 and of the net revenue and source and application of funds of the Group for the period ended on that date.

1. Accounting Policies

The following are the principal accounting policies adopted in arriving at the information set out in this report. These policies have been applied consistently throughout the period.

(a) *Accounting Convention*
The interim financial statements have been prepared under the historical cost convention as modified by the revaluation of portfolio investments.

(b) *Basis of Consolidation*
The interim financial statements of the Group consolidate the interim financial statements of the Company and its subsidiaries made up to 31st December 1980.

(c) *Portfolio Investments*
Portfolio investments are held as long-term investments and are stated at market value in respect of those investments which have a listing on The Stock Exchange or a recognised Stock Exchange outside Great Britain or have a dealing facility. Where investments have no such listing or dealing facility, they are stated at directors' valuation which is normally based on cost unless, in the directors' opinion, there has been a permanent change in their value.

(d) *Dealing Investments*
Dealing investments are stated at the lower of cost and market value.

(e) *Investments in Subsidiaries*
Investments in subsidiaries are stated at cost.

(f) *Foreign Currency*
The interim financial statements of the overseas subsidiary and foreign currency assets and liabilities of UK companies have been translated into sterling at the rates of exchange ruling at the period end.

(g) *Deferred Taxation*
Deferred taxation is provided at the current rate on differences which arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the interim financial statements except where the tax effect of these differences is expected to continue in the future. Deferred taxation will be provided on unrealised capital gains in excess of capital losses whether realised or unrealised, on a Group basis, at the rate appropriate to capital gains (currently 30 per cent.).

2. Consolidated Revenue Account for the period from 22nd August 1980 to 31st December 1980

Revenue	Notes	£'000	£'000
Interest receivable			34
Bank interest			173
Underwriting commission			6
Realised profits on disposal			
Dealing investments		67	
Portfolio investments		51	
			118
			331
Less			
Depreciation on investments			
Dealing investments		37	
Portfolio investments		105	
		142	
Expenses	(1)	97	
			239
Net revenue before taxation			92
Taxation	(2)		91
Net revenue after taxation	(3)		1
Accumulated deficit			(40)
Undistributable reserves	(9)		41
			1

3. Balance Sheets at 31st December 1980

	Notes	The Group £'000	The Company £'000
Portfolio investments	(4)	6,400	2,672
Investments in subsidiaries	(5)	—	5,461
Current assets			
Bank balances		4	—
Bank deposits		2,213	2,183
Certificates of deposit		1,000	1,000
Debtors		64	36
Dealing investments	(6)	370	—
Amount due from subsidiaries		—	77
		3,651	3,296
Current liabilities			
Creditors		63	16
Taxation		84	52
Amounts due to subsidiaries		—	1,527
		147	1,595
Net current assets		3,504	1,701
Deferred taxation	(2)	(19)	(19)
		9,885	9,815
Shareholders' interests			
Share capital	(7)	2,500	2,500
Share premium account	(8)	7,384	7,384
Accumulated deficit		(40)	(69)
Undistributable reserves	(9)	41	—
		9,885	9,815

4. Consolidated Statement of Source and Application of Funds for the period from 22nd August 1980 to 31st December 1980

Source of funds	Notes	£'000	£'000
Issue of share capital	(7)	6,833	
Less expenses paid on initial issue		(116)	
			6,717
Generated from operations			
Net revenue before taxation		92	
Adjustment for depreciation of investments, not involving the movement of funds		142	
			234
Other sources			
Sales of portfolio investments at cost		61	
Increase in creditors		63	
Taxation		12	
			136
			7,087
Application of funds			
Purchases of portfolio investments			3,399
Other applications			
Dealing investments		407	
Debtors		64	
			471
			3,870
Uninvested cash held in			
Bank balances		4	
Bank deposit		2,213	
Certificates of deposit		1,000	
			3,217
			7,087

Notes to the Interim Financial Statements

(1) Expenses

	£'000
Management and other expenses	42
Directors' remuneration	4
Formation expenses written off	4
Interest paid *(see Note)*	47
	97

Note: On 30th September 1980, the date on which the Company commenced business, it entered into an agreement whereby it accepted the obligation to pay interest amounting to £47,000 on finance provided by certain of the investment trust companies managed by Touche, Remnant & Co. to acquire on its behalf a number of investments.

(2) Taxation

	£'000
Corporation tax	72
Deferred taxation	19
	91

The tax charge is disproportionately high in relation to the net revenue for the period because of depreciation on portfolio investments not eligible for tax relief.

(3) Net revenue after taxation

Of the net revenue after taxation, a net deficit of £69,000 has been dealt with in the interim financial statements of the Company.

(4) Portfolio investments

	The Group £'000	The Company £'000
At market value		
Listed on recognised Stock Exchanges outside Great Britain	993	799
Unlisted with a dealing facility	1,218	1,150
At directors' valuation		
Unlisted companies	2,466	723
Associated companies *(see Note (a))*	1,244	—
Limited partnership	207	—
Joint venture interest	272	—
	6,400	2,672

Purchase of portfolio investments not provided for in the interim financial statements:	£'000	£'000
Contracted for	1,987	—
Authorised but not contracted for	3,283	—
Uncalled share capital on existing investments	598	590
	5,868	590

Portfolio investments authorised, but not contracted for, subsequent to 31st December 1980 amounted to £1 million.

Notes:
(a) The Group has a 25 per cent. interest in the ESW 1980 Fund, holding between 20 per cent. and 30 per cent. of the shares and unsecured debentures of the companies of which the Fund is comprised.
(b) Although certain investment trust companies managed by Touche, Remnant & Co. have interests which in aggregate amount to 12·5 per cent. in Nord Petroleum Corporation ("Nord"), in which the Group also has a 12·5 per cent. interest, the directors consider that it would be misleading to treat Nord as an associated company.
(c) On certain investments there are restrictions of a pre-emptive nature which would affect their marketability; in addition there may be other restrictions on transactions during certain periods of the year arising out of directors' other interests.

(5) Investments in subsidiaries

The following were wholly-owned subsidiaries at 31st December 1980:
TR Energy (Investments) Limited—an investment company
TR Energy (U.S.) Limited—a trading company
TR Energy (Finance) Limited—a share dealing company
TR Energy Inc.—an investment company and a wholly-owned subsidiary of TR Energy (Investments) Limited.

All subsidiaries are incorporated in the United Kingdom except for TR Energy Inc. which is incorporated in the United States of America. All companies operate principally in the country of incorporation.

(6) Dealing investments

	£'000
Listed on The Stock Exchange	25
Listed elsewhere on other recognised Stock Exchanges	245
Unlisted with a dealing facility	100
	370

(7) Share capital

	£
Authorised:	
25,000,000 shares of 25p each	6,250,000
Issued:	£
Subscribed on incorporation on 22nd August 1980: 2 shares of £1 each, sub-divided into 8 shares of 25p each on 11th September 1980	2
Issued on 7th October 1980: 9,999,992 shares of 25p each *(see Note (a))*	2,499,998
	2,500,000

Notes:
(a) The consideration for the issue on 7th October 1980 was as follows:

	£
Cash	6,833,123
Cancellation of indebtedness incurred on behalf of the Company	1,629,288
Investments at market value on 30th September 1980 or at an agreed value where no market existed	1,537,581
	9,999,992

(b) With the approval of the shareholders in general meeting on 28th October 1980 the Company has adopted a share option scheme for its directors and employees. Pursuant to this scheme, Mr. D. S. Hooker and Mr. R. W. Brittain have each been granted an option to subscribe for a maximum of 100,000 shares at a subscription price of £1 per share and have entered into share option agreements, respectively dated 29th October 1980 and 4th February 1981, with the Company. The consideration paid for each option was £1. Mr. D. S. Hooker and Mr. R. W. Brittain will each be entitled to exercise their rights under the options in respect of 20,000 shares for each year they remain directors of the Company. These options may not be exercised any later than 29th October 1987 and 4th February 1988 respectively.

In addition, Jebco Petroleum Development N.V. ("Jebco") has been granted an option to subscribe for a maximum of 50,000 shares in the Company at a subscription price of £1 per share. This option entitles Jebco to subscribe for a maximum of 10,000 shares for each completed year of its consultancy with the Company from 1st October 1980 to 30th September 1985 and may not be exercised any later than 30th September 1987.

(8) Share premium account

	£
Share premium of 75p on the issue of 9,999,992 shares of 25p each for £1	7,499,994
Less expenses of initial issue	116,162
	7,383,832

(9) Undistributable reserves

The undistributable reserves of £41,000 represent the unrealised appreciation of portfolio investments held by a subsidiary.

Yours faithfully,
Touche Ross & Co.

Appendix I

1. Group Structure

The Companies comprising the Group, together with a brief description of their investment criteria, are set out below. Further information about the Group is contained in Appendix II.

TR Energy
TR Energy is a UK incorporated and resident holding company: in addition to owning directly those Subsidiaries which are also incorporated in the United Kingdom (TR Investments, TR Finance and TR U.S.) it holds securities in UK resident oil and gas companies for investment purposes.

TR Investments
TR Investments holds investments made in overseas companies.

TR U.S.
TR U.S., which is a UK resident trading company, holds direct interests in oil and gas activities.

TR Finance
TR Finance deals in energy related securities; it has been funded with a loan of US$1 million from TR Energy.

TR Inc.
TR Inc. is a company incorporated in the State of Texas and is a wholly-owned subsidiary of TR Investments; it has been formed to hold the Group's interests in federal land leases in the United States as US law requires such leases to be held by a US company.

2. Group Investments

The investments of the Group at 2nd March 1981 are set out below. The descriptions of the companies in which investments are held are based upon the latest generally available published information. Their respective values, which are also given, are as stated in the Group's interim financial statements at 31st December 1980 and adjusted for subsequent acquisitions and disposals. Interests held by the Group of 5 per cent. or over in such investments are stated where applicable.

TR Energy — £'000

(a) US Exploration and Production

Pennine Resources Limited
1,700,000 25p ordinary shares (13 per cent. interest) — 799
A company, formed in 1980, which is managed, and 31 per cent. owned, by Candecca Resources Limited. This company, through a US subsidiary, will explore for and produce oil and gas in the United States. The company's initial policy will be to invest in three main areas: leases, interests in wells and exploration prospects. The shares are listed on the Luxembourg Stock Exchange.

(b) UK Onshore Exploration

Candecca Resources Limited
200,000 10p ordinary shares — 450
An independent oil and gas exploration company, formed in 1972, which has built up a substantial portfolio of onshore exploration and production licences throughout the United Kingdom, including a 25 per cent. interest in the Humbly Grove discovery. Sceptre Resources Limited of Canada owns approximately 45 per cent. of the share capital. The shares have a dealing facility on The Stock Exchange.

Floyd Oil Participations Limited
155,000 10p ordinary shares — 220
An independent oil and gas exploration company, formed in 1979, with interests in UK onshore exploration licences and exploration and production in the United States and Canada. The shares have a dealing facility on The Stock Exchange.

Marinex Petroleum Limited
350,000 10p ordinary shares — 448
An independent oil and gas exploration company, formed in 1971, with acreage concentrated in the Wessex-Weald basin of Southern England, which includes the Humbly Grove discovery. The principal shareholders own 80 per cent. of the share capital. The shares have a dealing facility on The Stock Exchange.

(c) North Sea Exploration

Candecca North Sea Limited
750,000 "B" 25p shares (15 per cent. interest) — 188
A company, formed in 1980, which is a 70 per cent. owned subsidiary of Candecca Resources Limited and which has applied for several licences in the North Sea Seventh Round.
The company may call upon TR Energy to subscribe for a further 450,000 "B" 25p shares at a cost of £112,500.

Flamstone Oil & Gas Limited
500,000 £1 ordinary shares (4½p paid) (7 per cent. interest) — 23
A company, formed in 1980, to apply for licences in the North Sea Seventh Round.
The cost of making the shares fully paid would be £477,500.

Invent Energy Limited
140,000 25p ordinary shares — 253
A company, formed in 1978, to conduct Triton Oil and Gas Corporation's operations in the North Sea, which include exploration interests in both the southern portion of the UK sector and in the Dutch sector, where the company has a 2·25 per cent. interest in the P6 gas discovery, after adjusting for a participation right held by the Dutch Government.

(d) UK Oil and Gas Services

Tesel Services Limited
25,000 £1 ordinary shares — 100
£150,000 variable rate convertible subordinated unsecured loan notes 1987–1990 — 150
An oil service company which was incorporated in 1978 to provide wireline logging services to the international oil industry. If the convertible subordinated unsecured loan notes conversion rights are all exercised TR Energy would be entitled to a further 25,000 £1 ordinary shares.

TR Investments

(a) US Exploration and Production

Discovery Oil Limited
37,500 shares of common stock of no par value — 42
a warrant to subscribe for 15,000 shares of common stock of no par value — 3
A US company, incorporated in 1964 and until 1978 primarily engaged in the acquisition, trading and selling of mineral resource leaseholds. Since 1978, under a new management group, the company has operated principally in two areas: the exploration for and production of crude oil and natural gas on properties in which it has a working interest; and initiating, structuring and operating as general partner and/or operator in development oil and gas drilling programmes. TR Investments is also actively considering the acquisition of 8 per cent. Series A convertible preferred shares in the company which would cost US$750,000. If TR Investments exercised the warrant, it would cost US$18,750. One of the Investment Trusts also has a small holding in this company.

Minden Oil & Gas Inc.
50,000 US$1 shares of common stock (6·7 per cent. interest) — 209
A US company, formed in 1980, to invest in exploration for oil and gas predominantly onshore United States. Investments include, via a limited partnership, a participation in the SOCO 1980 Diversified Exploration Program. The company has also purchased an overriding royalty interest in Block VII of the East China Sea.

Nord Petroleum Corporation
125,000 US$0.01 shares of common stock (12·5 per cent. interest) and a warrant to acquire 62,500 US$0.01 shares of common stock — 1,046
A US company, formed in 1979, which is 75 per cent. owned by Nord Resources Corporation, a US natural resources company, with diversified mineral holdings. Nord Petroleum Corporation is engaged in the exploration and development of oil and gas properties, principally in the Gulf Coast and Mid-Continent areas of the United States. Some of the Investment Trusts own in aggregate a similar number of shares in Nord Petroleum Corporation. The cost of exercising the warrant would be US$1,250,000.

Oil and Gas Production Limited
1,050,000 US$0.02 ordinary shares (US$1 fully paid) (5 per cent. interest) — 439
1,050,000 US$0.02 ordinary shares (US$0.10 paid) (5 per cent. interest) — 44
A Guernsey company, formed in 1981, to acquire interests in producing oil and gas properties. A producing natural gas property in the San Juan Basin in New Mexico has already been acquired. The partly paid shares carry a liability of US$0.90 per share which would cost TR Investments US$945,000. The shares are listed on The Stock Exchange.

(b) US Leases

Seahawk Oil International, Inc.
180,000 US$1 shares of common stock (6·4 per cent. interest) — 62
A US company, formed in 1979, principally to obtain licences to explore for oil and gas in areas of the world outside North America. However, the company intends to obtain leases in the Gulf Coast, Rocky Mountain and Mid-Continent areas of the United States. Discussions are under way which might lead to a further investment of US$120,000 in a lease venture managed by the company. There is a dealing facility for the shares on the Denver over-the-counter market.

(c) US Onshore Drilling

Ceres Resources Limited
100,000 shares of common stock of no par value — 176
A Canadian company, formed in 1980, which will participate in the exploration for and the development and production of oil and gas in North America. At least 50 per cent. of its interests will be in the United States and at least 25 per cent. in Canada. The shares are listed on the Calgary Stock Exchange.

ESW 1980 Fund (25 per cent. interest) — 1,244
200,000 US$1 shares of common stock and US$200,000 12 per cent. unsecured debentures in each of Texas Southwest Resources Corporation, Texas Southwest Gas Corporation and Texas Southwest Exploration Corporation.
300,000 US$1 shares of common stock and US$300,000 12 per cent. unsecured debentures in each of Texas Southwest Oil Corporation, Texas Southwest Production Corporation and Texas Southwest Minerals Corporation.
The ESW 1980 Fund was formed in 1980 to provide UK resident companies with an opportunity to invest in oil and gas exploration in the United States. London Merchant Securities group also has a 25 per cent. interest. European Southwest Company, an independent Texas oil and gas company, is responsible for finding suitable deals in which the Fund can participate, and for the day-to-day management of the companies. A Director is actively involved in the management of the ESW 1980 Fund, and, accordingly, the companies are considered to be associates of TR Investments.

London Energy Group II
Interest in limited partnership of 17·86 per cent. — 103
This is a limited partnership interest acquired in January 1981. The limited partnership is managed by G. E. Warren Energy Corporation, a Delaware company. The limited partnership has entered into a joint venture with G. E. Warren Energy Corporation and the joint venture will explore for oil and gas in the Illinois basin. One of the Investment Trusts also has a 17·86 per cent. interest in the limited partnership.

(d) US Oil and Gas Services

The Minoco Group of Companies, Ltd.
127,767 US$0.01 shares of common stock (5 per cent. interest) — 444
A US holding company which owns Minoco Southern Corporation, a US oil and gas management company. The latter company serves as a general partner in limited partnerships formed for the purposes of the exploration for and development of oil and gas reserves within the continental United States. Since the formation of Minoco Southern Corporation, in 1975, it has sponsored a number of public and private oil and gas drilling programmes. The founder of the holding company owns over 50 per cent. of its shares.

(e) Australian Onshore Exploration

Strata Oil N.L.
150,400 A$0.35 ordinary shares (A$0.20 paid) — 277
An independent Australian oil and gas exploration company, formed in 1979, to conduct the oil and gas exploration and production activities of the North West Group of Companies, which has an interest in the Woodada gas discovery in Western Australia. To make the shares fully paid would cost a further A$22,560. The shares are listed on the Australian Associated Stock Exchanges.

TR U.S.

Completion Financing
TR U.S. has entered into an agreement with Rimco Inc. whereby TR U.S. will provide US$594,000 for completion and production equipment for 11 gas wells in Ohio in return for a lease rental of 25 per cent. of total production. At the date of this document an amount of US$106,800 has been paid under the terms of this agreement in respect of 2 gas wells. TR U.S. will own the equipment. TR U.S. has no other investments at the present time.

TR Inc.

(a) US Leases

SOCO 1980 Southeast Piceance Basin Acreage Program
Interest in joint venture of 14·7 per cent. — 694
This is an interest in a joint venture managed by Snyder Oil Company, a privately owned Texas company. The joint venture was formed to acquire oil and gas leases in the Southeast Piceance Basin in Colorado. As at 1st January 1981 approximately 100,000 acres had been acquired. It is intended to farm this acreage out to US industry partners. TR Inc. is currently committed to subscribing up to a further US$875,000 to the joint venture. One of the Investment Trusts has a small interest in the joint venture.

(b) US Onshore Drilling

SOCO 1980 Diversified Exploration Program
Interest in limited partnership of 12 per cent. — 395
TR Inc. is a limited partner in a partnership participating in this programme. The limited partnership has a subscribed capital of US$7·5 million and it has a 60 per cent. cost interest in a drilling and development programme managed by Snyder Oil Company. The programme covers 12 prospects, on which 17 wells are to be drilled, in the Powder River, Big Horn, Sand Wash and Uintah Basins of Wyoming, Colorado and Utah. TR Inc. has no further commitments to the limited partnership.

Total — 7,819

Summary of portfolio investments analysed by location:—	£'000	£'000
US: Exploration and Production	2,582	
Leases	756	
Onshore Drilling	1,918	
Oil and Gas Services	444	
		5,700
UK: Onshore Exploration	1,118	
North Sea Exploration	474	
Oil and Gas Services	250	
		1,842
Australian Onshore Exploration		277
		7,819

Summary of portfolio investments:—	£'000
Portfolio investments at 31st December 1980	6,400
Investments acquired between 1st January 1981 and 2nd March 1981 inclusive	1,471
Investments sold between 1st January 1981 and 2nd March 1981 inclusive	(52)
	7,819

Appendix II

1. Details of the Company

The Company was incorporated in England and Wales under No. 1513904 as a private company on 22nd August 1980 with the name Kestville Limited under the Companies Acts 1948 to 1976. The name of the Company was changed to TR Energy Limited on 29th September 1980. The Company was converted into a public company (within the meaning of the Companies Act 1948) on 18th December 1980. The Company was incorporated with an authorised share capital of £100 divided into 100 shares of £1 each. On 11th September 1980 the authorised share capital of the Company was increased to £6,250,000 and divided into 25,000,000 shares of 25p each. On 20th February 1981 the Company was re-registered as a public company (within the meaning of the Companies Act 1980) with the name TR Energy Public Limited Company.

The Shares Offered rank *pari passu* in all respects with the existing issued shares of 25p each in the Company.

2. Registration and Transfers

Shareholders (other than stock exchange nominees) are entitled without payment to one certificate for the shares registered in their name or to several certificates, each for one or more of their shares.

All shares are or will be registered on a register in the United Kingdom and will be transferable by instrument in writing in any form authorised by the Stock Transfer Act 1963 or in such other form as the directors may approve.

3. Articles of Association

The articles of association of the Company provide, *inter alia*, as follows:—

(a) Shareholders' Meetings
Meetings of shareholders will be held at such times and places as the directors may decide, and shall be convened by not less than 14 days' written notice to the shareholders in accordance with the Companies Acts 1948 to 1980. The notice convening any meeting will state the date, time and place of the meeting, and, in case of special business, will indicate the general nature of the business to be considered at the meeting. Shareholders may attend any shareholders' meeting in person or by proxy. The quorum at any shareholders' meeting shall be two shareholders present in person and entitled to vote. No resolution may be passed without an affirmative vote by a simple majority of shareholders attending the meeting (in person or by proxy) and entitled to vote, and certain resolutions require a majority of not less than 75 per cent. of shareholders attending the meeting (in person or by proxy) and entitled to vote.

(b) Voting and Class Rights
(i) A corporation may be present at any meeting and may vote thereat by a representative duly appointed.
(ii) Subject to any terms as to voting upon which any shares may be issued, or may for the time being be held, on a show of hands every member present in person shall have one vote and on a poll every member shall have one vote for every share held by him.
(iii) Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders (but not otherwise).

(c) Borrowing Powers
(i) The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.
(ii) The directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (as regards subsidiaries so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the group (being the Company and its subsidiaries for the time being or any of such companies) (exclusive of moneys owing by one member of the group to another member of the group) shall not at any time without the previous sanction of a resolution passed by the affirmative vote of a simple majority of shareholders exceed an amount equal to twice the adjusted capital and reserves (as defined in the articles of association).

(d) Directors
(i) There is no shareholding qualification for a director.
(ii) The directors shall be paid out of the funds of the Company by way of remuneration for their services such sums as they may determine, provided that the total amount of such remuneration shall not exceed £40,000 per annum. This limit may be varied from time to time by a resolution passed by the affirmative vote of a simple majority of shareholders. Such remuneration shall be divided among the directors in such proportion and manner as they may determine.
(iii) Any director who by request of the directors performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the directors may determine.
(iv) The directors shall be entitled to be repaid by the Company all such reasonable travelling (including hotel and incidental) expenses as they may incur in attending meetings or which they may otherwise properly incur in or about the business of the Company.
(v) The directors may (by establishment or maintenance of schemes or otherwise) pay or procure the payment of pensions, annuities, allowances, gratuities or other benefits to or for the benefit of past or present directors or employees of the Company or any of its subsidiaries or any company associated with, or any business acquired by, any of them or to the benefit of persons who were related to or dependants of any such directors or employees.
(vi) There is no age limit for directors.
(vii) No director shall be disqualified by his office from contracting with the Company or from being interested in any contract or arrangement entered into by or on behalf of the Company. No such contract or arrangement in which any director is so interested shall be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised thereby, but the nature of his interest must be declared by the director in accordance with the Companies Acts 1948 to 1980.
(viii) Subject to limited exceptions, a director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company, and shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
(ix) A director may appoint to the office of an alternate director either another director or any other person approved for that purpose by a resolution of the directors.

(e) Issue of Shares
The directors are empowered, pursuant to section 14 of the Companies Act 1980, to allot up to 12,000,000 (including the Shares Offered) authorised but unissued shares of 25p each in the Company at any time or times within the period expiring on 1st March 1982 without reference to a shareholders' meeting. The right of pre-emption given to existing shareholders by section 17 of that Act does not apply to the issue of such shares. The Company has, however, agreed that any shares or other securities with an equity element to be issued for cash will normally be offered to shareholders on a preferential basis.

UK COMPANY NEWS

British Vita £1.8m down

DESPITE A £15.4m advance in turnover to £88.7m profits of British Vita Company, the foam, fibres, fabrics and rubber products group, fell back in the 12 months to end-December, 1980, the pre-tax figure coming through at £7.11m, compared with £8.93m.

However, the dividend is being stepped up from 5p to 5.2p net with a final of 2.6p, which was forecast at mid-year when taxable profits were £384,000 lower at £3.67m.

The surplus was struck after a share of associates, up from £3.13m to £3.32m, and interest charges of £2m (£1.08m).

Tax took £2.76m (£2.1m) and after extraordinary debits of £7,000, attributable profits came through at £4.28m (£6.76m) with the retained surplus showing a drop from £5.74m to £3.04m.

Stated earnings per 25p share, adjusted, were 18.7p (33.1p) basic and 18p (31.3p) fully diluted.

Included in the results are bad debts of some £500,000 and redundancy costs of around £200,000.

The chairman explains that the year was an eventful period in the development of the group, seeing a major acquistion in Vita-tex, the commissioning of an advanced polyether foam plant, the purchase of additional fabric coating capacity, a first rights issue and an expansion in research and development, and the consolidation of fibre processing as a mainstream business were particularly encouraging achievements over the year.

The international operations continued to add to the strength of the group and the results reflect the benefits of geographical diversification.

explains the chairman.

He says deepening of the recession in the second half in the UK and the maintaining of market share at the expense of margins had a marked effect on profitability. Nevertheless, improved volume of business in the company's consumer operations

● comment

A company so heavily involved with furniture and automotive industries could have done a lot worse than report profits 20 per cent lower. But British Vita has studiously offset higher wages with lower staffing and cut throat chemical prices have enabled it to trim input costs. A £5.4m rights issue helped on the interest charge front in the final quarter. Nevertheless U.K operations have been hit fairly hard with profits in the final six months reduced to £900,000. All the turnover increase comes from acquisitions, notably Vita-Tex which barely washed its face after financing costs. What the figures fail to show is that pre-tax profits are struck after £200,000 of redundancy costs and a hefty bad debt provision of £500,000. Perhaps some of that provision will flow back in 1981. This year will be tough, but profits are not likely to fall much. At 137p a fully taxed p/e (on average capital) of 9 and yield of 5.6 per cent is fair if not exciting.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims—Matthew Clark, Consolidated Gold Fields, Crossfriars Trust, Fitzwilton, Jentique, Nolton.

Finals—Family Investment Trust, General Accident Fire and Life Assurance, Ransomes Sims and Jefferies.

FUTURE DATES

Interims:—	
Armstrong Equipment	Mar. 25
Barratt Developments	Mar. 17
Bogod-Pelepah	Mar. 5
Bracken Mines	Mar. 13
Coronation Syndicate	Mar. 12
HTV	Mar. 12
Kinross Mines	Mar. 13
Leslie Gold Mines	Mar. 13
St. Helena Gold Mines	Mar. 13
Twesfonzain United Collieries	Mar. 12
Unisel Gold Mines	Mar. 13
Winkelhaak Mines	Mar. 13
Finals:—	
Amcliffe	Mar. 30
Corah	Mar. 12
Davies and Metcalfe	Mar. 12
Fairclough Construction	Mar. 17
Guest Keen and Nettlefolds	Mar. 18
Harmony Gold Mining	Mar. 12
Rosedimond Investment Trust	Mar. 10

J. Jackson sees first half fall

THE current first six months at J. & H. B. Jackson is expected to show a slight downturn on the £1.8m for the corresponding period, but the group should be able to produce satisfactory figures for the full year.

In his annual statement, Mr. P. J. White, chairman, says there are signs that the de-stocking element of the recession is nearly complete. However, it is too early to expect any substantial increase in demand and, as far as the group is concerned, any upturn will be too late to affect first half trading. Nevertheless, with a strong balance-sheet and a further improvement seen for the forging division, slightly better conditions are hoped for in the second six months.

For the year to September 30, 1980, as reported on December 18, pre-tax profits showed a marginal downturn from £3.02m to £2.97m. The dividend is raised from 1.4p to 1.55p

Mr. White reports that a downturn affected the general engineering companies in the second six months and, although the group has cut back where necessary as far as possible, it is unlikely that this division will produce any worthwhile contribution in the first half

Diploma lower midyear

REPORTING A £310,000 downturn in midway pre-tax profits Mr. Christopher Thomas, chairman of Diploma, warns that the group will not reach last year's record full-time level of £7.08m.

"I do not believe that we have seen the worst effects of the recession and with so many price cutters in our markets we are unlikely to be able to maintain volume at satisfactory prices." he says, adding, however, that the company continues to plan for long-term expansion.

For the six months to the end of December last Diploma, which is involved in industrial distribution and engineering, shows profit down from £3.05m to £2.74m on sales of £25.07m, against £24.02m. But the net interim dividend is effectively maintained at 1p on new 10p shares following subdivision.

Stated earnings per 10p share for the half-year dipped from 5.16p to 4.57p with tax provisionally charged at 52 per cent. The directors point out that a substantial release of deferred tax and lower tax charge is expected to apply to the year's figures.

Mr. Thomas says there has been much reduced demand and strong competition in most of the company's markets often aggravated by stock dumping at any price. Diploma has not been prepared to chase margins downward, but is has been difficult to raise prices in line with costs and, though gross margins have been sustained, the net figure has been slightly lower, he says.

Macro-Marketing, the electronic component distribution subsidiary, maintained sales but a small rise in gross margins was not enough to offset the increase in overheads and profits emerged little changed. Unit volume increased substantially but after two years of no movement prices fell sharply in the memory market.

DTV Group, operating in the same field, performed similarly to Macro but planned overhead increases eroded net margins. Access kept to budget but start-up costs were heavy.

The recession is expected to limit the market for active electronic components for the rest of 1981 but prospects, thereafter, look exceptional, Mr. Thomas says.

In the manufacturing division a bright spot was Henry Whitman with more special steel sales to the oil industry but there was a lack of demand for heat treatment contract service.

Diploma's building industry-related companies were affected by sharply lower housing starts and reduced home improvements.

As a result of a direct approach the group has sold its 80 per cent interest in Industrial Scaffolding at a substantial surplus over book value. With the proceedr and return of loans group finances are improved by a seven-figure contribution.

Attributable group profit for the six months emerged at £1.19m (£1.34m) after minorities of £128,000 (£108,000). Of this dividends again absorb £260,000.

● comment

Price competition in the electronic component business has intensified and Diploma is having to run hard just to maintain sales levels while many customers are destocking. Most of the building materials and engineering companies are having a hard time but all are in profit and the Henry Witham special steel operation is showing a moderate increase. The first half figures were depressed by Access' start-up costs and a change of premises for Macro. The second half will lack the ISL contribution — £½m in the first half — but will benefit from the interest on the better-than-£1m proceeds from the disposal. The shares dropped 14p to 153p on the figures but recovered to 168p by the close. Full-year profit may not exceed £6m so the prospective fully taxed p/e of about 16 must reflect the "exceptional prospects" the chairman foresees starting next year. The yield on the maintained dividend is 3.3 per cent.

Winston Estates over £0.9m

A SUBSTANTIAL increase from £408,351 to £932,670 in pre-tax profits is reported by Winston Estates, property development and investment company, for the year to December 31, 1980. At halfway profits had climbed from £199,708 to £419,101. Turnover for the year almost doubled from £786,977 to £1.47m.

After tax up from £172,976 to £336,284, stated earnings per 25p share have improved from 4.42p to 10.11p, and the final dividend is raised from 1.05p to 1.225p for a total of 1.925p (1.75p).

Eagle Star holds an 18 per cent interest in Winston Estates.

C.S.C. Inv.

Pre-tax revenue of C.S.C. Investment Trust improved from £174,423 to £186,924 for 1980, and the dividend is stepped up from 6.5p to 7.75p net per 25p share with a final of 4.5p.

Gross revenue amounted to £272,020 compared with £245,214 and tax on revenue was £58,651 against £53,931.

Net revenue came through at £128,273 (£120,502) of which the dividend will absorb £127,434 (£101,868).

Valuation of investments is given as £2.85m (£2.36m) or 138.3p (136.7p) per share.

BANK FOR INTERNATIONAL SETTLEMENTS REPORT

Loans to Third World rise sharply

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INTERNATIONAL bank lending to developing countries increased sharply again in the third quarter of last year despite a lower volume of syndicated credits, one of the most common forms of finance.

The figures suggest that the developing countries have been resorting increasingly to unpublicised forms of borrowing.

Latest figures from the Bank for International Settlements (BIS) show that non-oil developing countries raised $12.1bn from international banks during the third quarter, $2bn more than in the preceding three months.

This brought the total for the first nine months of 1980 to $28bn, about $5bn more than in the same period of 1979.

By contrast, published Eurocredits raised by non-OPEC countries fell by about $12bn in the first nine months of 1980, according to calculations by Morgan Guaranty. The BIS said the discrepancy was in part explained by the inclusion in its own statistics of other forms of lending, such as short-term finance.

But the figures also shed new light on the extent to which the Eurocredit market has developed a preference for unpublicised club deals and bilateral operations in which one bank deals on its own with a borrower.

Parallel to the increase in lending to developing countries there was a slowdown in lending to developed countries within the BIS reporting area. This is defined as the Group of Ten industrialised countries plus Switzerland, Austria, Denmark, Ireland and the main offshore branches of U.S. banks in the Far East, the Caribbean and Lebanon.

Lending within this group slipped to $15bn from $26bn in the second quarter, partly because of the economic slowdown and partly as a result of the unwinding of credit controls in the U.S. and the "corset" restraint on lending by British banks. The non-bank sector in these countries thus became less dependent on international bank finance than previously.

But there was also a decline in new lending to industrial countries outside the reporting area, suggesting that their balance of payments situation had begun to improve by the third quarter, BIS said.

The figures show international bank lending expanded by $42bn during the quarter to reach a total of $1,248bn. Net of double counting and foreign exchange valuation changes, this represented a slowdown in new business to $35bn from $45bn in the second quarter.

U.S. banks continued to be a main source of international finance during the quarter. Their new lending was $6.7bn less than in the second quarter but at $12.2bn it still represented an unusually large amount, BIS said.

New deposits by OPEC countries in the international banking system slowed to $10.5bn during the third quarter from $12.5bn in the second. As these countries borrowed $3bn from the banks during that period, their net supply of new funds to the market was only $7.5bn, less than half the amount recorded during the first quarter.

It is at first sight perplexing that this should have happened at a time when the OPEC balance of payments surplus was increasing.

However, the figures suggest that OPEC funds were flowing into other forms of investment such as direct lending to West Germany, and securities purchases on the Japanese and U.S. stock markets.

A further feature of international lending during the period was a contraction to $10bn from $65bn in new lending by banks in Europe, largely because of exchange rate valuation changes. Besides the high level of lending by U.S. banks, there was also a substantial increase in activity recorded by banks in Japan and Canada.

$1bn target set for Italian credit

By Our Euromarkets Staff

ITALY'S earthquake reconstruction credit is now taking shape on the basis of a $1bn target instead of the $2bn originally intended.

No formal decision on the credit has yet been taken in Rome, but Bankers' Trust, which is arranging the deal, is understood to have assembled a management group of 20 banks ready to underwrite $50m each.

The group is still subject to Japanese Ministry of Finance approval for Japanese banks.

International bankers say that, as soon as the group is definitely completed, Bankers' Trust will notify the Italian Treasury, which will then authorise a $1bn cut in the original $2bn target.

Such a cut represents a considerable loss of face for both Italy and Bankers' Trust, but it is considered less humiliating than a decision to change the terms which allow for a ¼-⅜ split margin over prime rate or ⅜-½ per cent over Libor.

Two DM bond issues approved

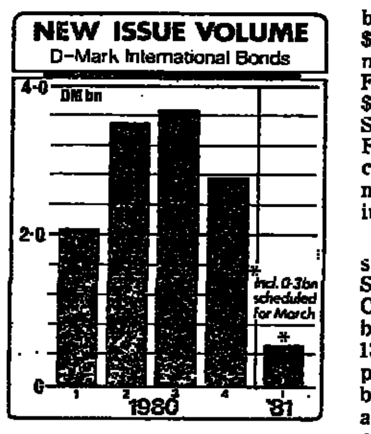
BY FRANCIS GHILES

WEST GERMANY'S Capital Markets Sub-Committee tentatively approved two new issues for supranational borrowers at its monthly meeting yesterday. Deutsche Bank will manage DM 200m for the European Investment Bank and DM 100m for the Asian Development Bank.

The moratorium on new DM Eurobond issues, which was imposed by the Sub-Committee last November after strong pressure from the Bundesbank, thus continues. As before, occasional foreign issues are allowed for supranational organisations, market conditions permitting.

The decision of the Sub-Committee came as no surprise to German bankers. Few expect the next few weeks to bring good news. The DM has weakened dramatically against the dollar since the beginning of the year and DM interest rates have shot up to unprecedented levels, prompting many foreign fund managers and retail investors to empty their portfolios of DM paper. The foreign DM bonds arranged since Christmas have, for the most part, been bought by German investors.

NEW ISSUE VOLUME
D-Mark International Bonds



However, the bond market has steadied over the past few days and some foreign buying has emerged. Such buying is based on the belief that the exchange rate of the Deutsch Mark may have bottomed out, but German dealers point out that the buying pressure remains small. Deutsch Mark foreign bond prices were unchanged yesterday.

Elsewhere in the Eurobond market, activity also remains thin. Fixed interest dollar bonds slipped ½ point. The $100m seven-year floating rate note for Mexico's Nacional Financiera was increased to $125m by the lead managers, SBC and Salomon Brothers. Final terms include a minimum coupon of 7½ per cent and a margin above the six-month interbank rate of ¼ per cent.

A £20m five-year bullet Eurosterling issue was launched for Swedish Export Credit by County Bank yesterday. The borrower is paying a coupon of 13⅞ per cent and the bonds are priced at par. The same borrower is expected to launch a FFr 200m five-year bond early next week.

Swiss franc foreign bond prices dropped ⅜ point yesterday. SBC is arranging a SwFr 50m six-year private placement for Compagnie Française des Petroles which carries a coupon of 7 per cent and has been priced at 100½ and a SwFr 50m 10-year public issue for the electric utility of the Austrian province of Steiermark, which carries a coupon of 6⅞ per cent and has been priced at 100½.

Stevens' earnings fall in first quarter

By Ian Hargreaves in New York

J. P. STEVENS, the second largest U.S. textiles company, suffered a sharp drop in first quarter earnings because of high interest rates, lower output and higher prices for synthetic raw materials.

Stevens reported net income of $2.57m on sales of $431.34m for the quarter ended January 31, compared with earnings of $4.32m on sales of $435.13m in the same quarter of last year.

Stevens said that it had cut production in the quarter in order to reduce stocks in the face of weak domestic demand for its products.

This period of flat demand was accompanied by high interest rate expenses and another sharp rise in the price of synthetic yarn and fibres as the U.S. completed the decontrol of oil prices.

The cotton market also continued to be volatile in the period, something which always creates problems for textile companies.

Motor slump hits Champion Spark Plug

By Our Financial Staff

NET PROFITS at Champion Spark Plug dropped from $56.9m to $36.9m in 1980 as a result of the slump in the motor industry.

The decline continued into the final quarter of the year with profits down from $14.1m to $7.7m, and the company expects the first quarter of the current year to produce results below the $16.9m achieved in the opening three months of 1980.

"However, we believe we have weathered the worst of the economic storm and that the full year of 1981 will be one of recovery," the company said. Earnings should exceed the 1980 total.

Sales last year dipped from $806.5m to $799.8m, although the final quarter contributed $194.5m compared with $188.6m.

Earnings per share for the year were 96 cents against $1.49, with the final quarter chipping in 20 cents against 37 cents. Champion said the final quarter included an 8 cents a share foreign currency loss.

Goodyear sees European sales of $1.6bn

By Our Financial Staff

GOODYEAR TIRE and Rubber Company, the leading U.S. tyre group, expects European sales in 1981 to climb to $1.6bn from $1.4bn in 1980, but estimates that profits will stay at the 1980 net level of $49m.

Goodyear also said in Geneva yesterday that while it did not see any expansion in its European manufacturing facilities this year, it planned to spend $70m to enlarge tyre plants in Luxembourg and Italy in 1982.

It said European sales were expected to continue their pattern of improvement and reach $2bn in 1983. However, because of problems facing the European motor industry, most of the tyres sold in the next year or two would be in the replacement market rather than for new vehicles, and that sales of tyres for new vehicles would be down.

The company sees 1981 a "very tough" year for all tyre groups and 1982 expected to show some improvement, "but we don't expect to return to normal levels (of profitability) until 1983." Profits totalling 5 per cent of sales were considered normal.

Goodyear said it had an estimated 11 per cent to 12 per cent of the total European tyre market, about the same as Pirelli but below the estimated 33 per cent held by Michelin.

U.S. QUARTERLIES

NORTHWEST AIRLINES	1980 $	1979 $
Fourth quarter		
Revenue	417.5m	333.5m
Net profits	5.7m	2m
Net per share	0.26	0.09
Year		
Revenue	1.64bn	1.31bn
Net profits	7.1m	72.5m
Net per share	-0.33	3.35

OVERSEAS SHIPHOLDING	1980 $	1979 $
Fourth quarter		
Revenue	78.5m	73.8m
Net profits	18.3m	17.4m
Net per share	1.06	1.01
Year		
Revenue	304.8m	288m
Net profits	79.1m	65.9m
Net per share	4.59	3.83

REXNORD	1980-81 $	1979-80 $
First quarter		
Revenue	257.8m	249.5m
Net profits	7.6m	8.9m
Net per share	0.38	0.45

WESTVACO	1980-81 $	1979-80 $
First quarter		
Revenue	362.3m	330.9m
Net profits	19.6m	18.6m
Net per share	1.15	1.10

WHITE CONSOLIDATED	1980 $	1979 $
Fourth quarter		
Revenue	483.9m	481.3m
Net profits	20.8m	32.1m
Net per share	1.48	2.48
Year		
Revenue	2.06bn	2.01bn
Net profits	57m	75.7m
Net per share	3.94	5.95

Battle for Abitibi hots up with full Olympia bid

BY ROBERT GIBBENS IN MONTREAL

A FULL-SCALE bid for the equity of Abitibi-Price, the world's largest newsprint manufacturer, was announced in Toronto yesterday by Olympia and York Investments, the property and resources group controlled by the Reichmann family.

Olympia is offering C$32 a share, or C$600m (US$500m) for the shares in Abitibi it does not already own. The bid will be made on Friday through Canadian stock exchanges.

The latest bid replaces the original offer from Olympia of C$28 a share for 6.75m Abitibi shares which, with stock already held, would have given Olympia 40 per cent of Abitibi.

The Olympia bid challenges a joint offer of C$31 a share for 8.5m Abitibi shares by Thomson Newspapers and Nu-West of Calgary, whose bid is due to take effect on the Canadian stock exchanges today.

The Thomson Nu-West offer would have given each partner about 23 per cent of Abitibi, but it was widely expected in Toronto yesterday that the joint bidders would return with new terms higher than Olympia's

The Abitibi board gave cautious support to the original Thomson Nu-West offer but indicated that it thought the terms low. About 10 per cent of Abitibi's newsprint production goes to the Thomson newspapers chain.

Investment advisors in Toronto have been advising Abitibi shareholders to hold back on the strong likelihood of improved terms.

An important factor will be the attitudes to two major stakeholders in Abitibi — Federal Commerce and Navigation and West Fraser Timber — both believed to be sympathetic towards the Thomson side.

Federal Commerce, a Montreal shipping group controlled by the Pathy family, has 21 per cent of Abitibi after opening the bidding a month ago. West Fraser Timber has held a 13 per cent stake for some time.

Strong income growth at Standard Bank group

BY QUENTIN PEEL IN JOHANNESBURG

STANDARD BANK Investment Corporation (Stanbic), South Africa's largest banking group in which Standard Chartered Bank of the UK holds a 59 per cent interest, increased its net profits last year by nearly 43 per cent to R70.34m ($91.44m) from R49.26m in 1979.

The figures include an exceptional gain of R3.06m—a release from debts provisions of R5.27m less deferred taxation of R2.21m—which is nonrecurring. Excluding that figure, the profit increase amounted to 36.5 per cent.

However, the group, whose major arm is the Standard Bank commercial bank, increased its final dividend to only 28 cents a share from 25 cents in 1979, for an annual total of 40 cents (36 cents).

This is in line with Stanbic's declared dividend policy of increasing its dividend cover to reach three times in the next three years.

Earnings per share, before the exceptional item, were 111 cents compared with 82 cents in 1979.

Stanbic's results are noticeably less good than those of its rivals, Barclays National Bank and Nedbank. While Stanbic's return on shareholders' funds is 19.1 per cent, the comparable figure for Barclays is 22.1 per cent and Nedbank 25.3 per cent.

The directors' statement says that all subsidiaries showed good profit growth, particularly those involved in consumer lending.

Mr. Henri de Villiers, group managing director, said he expected continuing but slower growths in profits in the coming year. He forecast a 20 per cent improvement in 1981 based on increasing use of bank credits facilities, but warned that interest rates were rising sharply, and the gold price was extremely difficult to forecast.

Standard Chartered of the UK is committed to reducing its holding to under 50 per cent by the mid-1980s.

Brascan lifts stake in Scott Paper to 12%

By Our Montreal Correspondent

BRASCAN, the consumer product and resource group owned by the Peter and Edward Bronfman interests of Toronto, has increased its stake in Scott Paper of Philadelphia, to 12 per cent from just under 4 per cent. Brascan has acquired 3.1m Scott shares from private sources on the initiative of the vendors, the company said.

Including the stock acquired last year, the total holding of about 12 per cent cost Brascan about $26 per share on average.

Brascan said it could increase its holdings further to about 20 per cent if the opportunity arises but it had no intention at present to seek representation on the Scott board.

Scott Paper is one of the three large North American tissue products companies operating in both Canada and the U.S. It also has some resource interests.

Esmark, the U.S. group which holds a stake in Scott of less than 5 per cent, would make no comment on Brascan's move.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, March 11.

Closing prices on March 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¼ 88	75	94	94½	−0¼	−0½	14.81
CECA 11½ 88	100	87⅛	87⅝	−0⅜	−1	14.40
CNE 12¾ 91	100	90½	91	−0¼	−1¼	14.56
Citicorp O/S Fin. 10 86	300	84⅜	84⅞	−0⅛	−0⅜	14.27
Citicorp O/S Fin. 12 87	200	89⅞	90¾	−0⅛	−0½	14.36
Con. Illinois O/S 9¾ 86	150	82¼	82¾	−0⅜	−1	14.63
Denmark 11¾ 90	100	84½	85	−0¼	−1	14.86
Dupont Canada 13½ 91	65	94½	95	−0⅛	−0⅞	14.52
EEC 11 95 (May)	75	79½	80	−0¼	−0½	14.40
EEC 11 95 (August)	70	78⅜	78⅞	0	+0¼	14.60
EIB 13¾ 90	100	95⅞	96⅜	−0¼	−0⅝	14.51
Eksportfinans 9½ 87	75	81½	82	−0¼	−0⅜	13.88
Elec. de France 10 88	125	81¼	81¾	−0⅜	−0⅜	14.19
Elec. de France 13 88	125	93⅜	93⅞	−0½	−0½	14.50
Export Dv. Cpn. 12¾ 87	100	93	93½	−0¼	−0⅝	14.43
Export Dv. Cpn. 9½ 88	150	82⅝	83⅛	−0¼	−0⅞	14.64
Fin. Exp. Credit 10½ 85	50	86¾	87¼	−0⅛	−0½	14.72
Finland, Rep. of 9½ 86	100	81½	82	0	−0⅝	14.90
Ford Credit O/S 14½ 83	150	96½	97	−0¼	−1	16.08
Ford Cr. O/S Fin. 16 84	150	101¾	102¼	−0⅜	−0¼	15.09
Gaz de France 13½ 86	80	96⅞	97⅜	−0⅛	−0⅝	14.33
GMAC O/S Fin. 12 87	100	88⅛	88⅝	−0⅜	−0⅝	14.84
GMAC O/S Fin. 12⅞ 88	100	90⅝	91⅛	−0½	−0¼	15.07
Gen. Mtrs. O/S 11¾ 87	100	88⅜	88⅝	−0⅛	+0⅛	14.56
GTE Fin. 13¾ 86 (WW)	50	97½	98	−0¼	−1	14.39
Hudson's Bay 11½ 90	75	84¼	84¾	−0¼	0	14.65
IBM Canada 10½ 85	50	94½	95	−0⅛	−0⅞	12.09
IBM Wld. Trade 12¾ 88	200	94¼	94⅝	−0⅝	−1¼	13.80
Newfoundland 13½ 90	60	93¼	93¾	−0⅞	−0⅝	14.86
Nova Scotia 10¾ 90	50	80½	81	−0¼	−0⅝	14.62
OKB 10 85	50	86½	87	0	−0¼	14.23
Quebec Hydro 11½ 92	100	81⅞	82⅜	−0¼	−0¼	14.82
Queb. Hy. 13 91 (WW)	100	90⅝	91⅛	−0⅛	−0¼	14.80
Roylease 11¾ 85	50	90	90½	0	−0¼	14.40
SNCF 12¾ 85	50	93⅝	94⅛	−0½	−1	14.37
SNCF 13 91	75	92⅞	93⅜	−0⅜	−1½	14.33
Sven Handelsbk 13¾ 88	45	94¾	95¼	0	−0¼	14.94
Sweden 12⅞ 85	150	93¼	93¾	−0⅛	−0⅜	14.40
Swed. Ex. Credit 12 83	50	93⅜	93⅞	−0⅜	−0½	15.19
Swed. Ex. Credit 13 86	75	93⅞	94⅜	−0⅝	−1¼	14.74
Unilever NV 9¾ 90	100	78⅜	78⅞	−0⅛	−1½	13.95
World Bank 9¾ 85	200	86⅞	87⅜	−0¼	−0⅝	13.89
World Bank 10¾ 87	300	83⅞	84⅜	−0½	−0⅞	14.20

Average price change... On day −0¼ On week −0¾

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 90	100	86¾	87¼	−0⅛	+0⅛	10.57
Australia 8⅛ 90	250	†89¾	90½	−0⅞	+0½	9.83
Austria, Rep. of 8¼ 92	150	87⅝	88⅜	+0⅞	+0⅝	10.03
BFCE 8⅛ 95	100	†86	86	+0⅝	−0⅜	10.11
CFCA 7⅞ 92	150	85	85¾	+0¼	−1½	10.06
CII-Honeywell 8½ 90	125	†87½	88½	−0⅛	−0⅝	10.42
Denmark 8¼ 92	100	†88¼	89¼	−0⅛	0	9.96
EIB 8½ 90	200	90¾	91½	0	+0¼	9.96
ESCOM 9¼ 87	100	93¼	94¼	+0½	−0⅞	10.58
Iberduero SA 9 90	100	†90¼	91¼	−0⅞	−1¾	10.58
Ind. Bk. Finland 8½ 90	50	†84¾	85½	−0⅝	−2¼	11.04
Japan Air Lines 8⅛ 87	100	90⅝	91½	+0½	+0¾	10.07
Japan Dev. Bank 7⅝ 87	100	82½	87⅞	+0¼	+0⅝	10.34
Kobe, City of 8 90	100	88½	87¼	0	+0⅞	10.24
Midland Int. Fin. 8½ 90	180	89⅞	90⅝	+0⅞	−0¼	10.12
Norway 7½ 85	250	91⅞	92½	+0⅜	+0⅜	10.04
Nuclebras 9¾ 88	100	†88½	87½	+0¼	−1⅜	12.48
OKB 8⅛ 92	150	†85	87	−0⅝	+0⅝	18.31
Oslo, City of 8½ 90	80	†90½	91¼	−0⅜	−4	10.36
Venezuela, R. of 9¾ 90	150	92½	93¼	+0⅛	−0½	10.96
World Bank 8 90	700	87⅛	88⅛	0	+1½	10.03
World Bank 10 86	150	100¼	100⅞	−0½	+0⅝	9.86
World Bank 10 90	200	100¼	101½	−0⅛	+0½	9.84

Average price changes... On day 0 On week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5⅜ 90	100	89	90	−0⅞	−3½	6.92
BFCE 6½ 91	100	100¾	100½	−0¼	−2½	6.45
Bayer Int. Fin. 5⅞ 92	100	†89	89¾	−1¼	−2⅞	6.59
Bergen, City of 6 90	50	93	93¾	−2½	−4⅜	7.03
Buhrm'n-Tetterode 7 90	40	99¾	100	−0⅛	−3¼	7.01
Copenhagen Tele. 5¾ 90	60	90⅝	91⅝	−0½	−0¼	7.05
Denmark 5¾ 90	80	†87	87¾	−0½	−4½	7.73
Dome Petroleum 5¼ 91	100	93⅛	93½	−0½	−1⅛	5.70
Elet. de France 5¼ 90	100	†90	92	+0¼	−2⅛	6.54
Eurofima 5¼ 92	80	†100	101	−0⅜	+0⅛	5.69
F. G. H. Hypo. Bk. 6 90	50	†95	95½	0	+0½	6.70
Finland, Rep. of 5⅜ 90	80	90	91	−0⅝	−1	7.03
Int.-Amer. Dev. 7 90	80	100	100¼	+0½	−2⅜	6.98
Japan Dev. Bank 5¾ 90	100	†92½	94	−0⅞	−2⅝	6.72
Jutland Tele. 5½ 90	50	90	90¼	−1⅛	−1	7.02
Mt. Blanc Tunnel 5½ 90	60	91½	92	−0½	−1½	6.69
Newaq 5¼ 90	80	†93	94	−0⅝	−0⅜	6.70
Norges Komm. 4¾ 91	100	80½	80½	+0¼	−1½	7.06
OKB 4¾ 91	100	81⅝	81¾	0	−2⅜	6.92
OKB 6 90	100	96⅞	97⅛	−0⅛	−1⅜	6.45
Oslo, City of 4⅝ 91	100	81½	81¾	+0⅝	−2	6.82
Oslo, City of 5⅞ 90	80	94¼	94½	−0¼	−0⅞	6.68
Philips Lamps 5⅛ 92	100	89½	89¾	−0⅛	−2⅛	6.56
Sekisui Pre. Hms. 6 90	80	93	93¼	−1½	−2⅝	7.02
Shikoku El. Pwr. 4¾ 89	100	85½	85¾	−4⅛	−6⅝	7.06
Trade Dev. Fin. 6⅛ 90	60	93½	93⅝	+0⅝	0	7.12
Voest-Alpine 5⅞ 90	80	93¼	93½	−0½	−0⅞	6.70
World Bank 6 91	100	94½	94¾	−0⅛	−1	6.78

Average price changes... On day −0⅝ On week −2

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91½	82½	−8⅛	−0⅛	9.43
Australia 6½ 88	20	87⅛	88⅛	0	−0⅛	8.92
EIB 7⅝ 89	12	92⅜	93⅜	0	−0⅛	8.98
Finland 5.6 83	10	90⅞	91⅞	−0⅛	−0⅛	9.38
Finland 6.8 88	10	87	88	+0⅛	−0⅛	9.27
Finland, Rep. of 8½ 87	15	96⅞	97⅝	+0¼	+0⅛	8.98

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¼ 86 C$	60	91½	92¼	0	0	12.87
CIBC 13½ 85 C$	50	†96¾	97½	−0¼	−1	14.41
CIBC 11½ 85 C$	80	†91⅛	92⅛	+0⅛	0	13.97
Federal Dev. 11½ 90 C$	60	†85¼	86½	−0⅝	−0⅜	14.24
Fst. Can. Inv. 10 84 C$	50	†87⅝	88⅝	−1⅛	−0⅞	14.94
R. Bk. Canada 10 88 C$	40	91½	92½	0	+1½	12.14
Tordom Cpn. 13½ 85 C$	30	*†97½	98½	−0⅛	−0⅛	14.12
M. Bk. Damk. 9 91 EUA	25	89½	90½	−0⅝	0	10.57
SOFTE 8¼ 89 EUA	40	†86	87	0	+0⅛	10.83
U. Bk. Nrwy. 9½ 90 EUA	18	97½	98¼	−0⅛	0	9.82
Algemene Bk. 10¾ 86 Fl	60	96	96½	−0½	−2⅛	11.55
Bk. Mees & H. 10 85 Fl	75	97	97½	−0⅛	−1½	10.78
Heineken NV 10 87 Fl	100	94	94½	+0⅛	−1	11.29
Nat. Nedrlndn. 10 88 Fl	80	93⅛	93⅝	0	−0⅞	11.43
Ned. Midd. Bk. 10 85 Fl	75	97⅛	97⅞	−0¼	−1½	10.65
Pierson 10¾ 86 Fl	50	96¾	97¼	−0⅛	−0⅞	11.06
Aero Paris 13¾ 87 FFr	150	92¾	93¾	−0⅛	−2½	14.86
Charb'nages 13⅞ 85 FFr	400	96¾	97¾	+0⅛	−1⅜	14.67
CECA 14¼ 86 FFr	150	97¼	98¼	+0⅛	−0⅜	14.93
EIB 14¾ 88 FFr	300	97⅝	98⅝	+0½	−1	14.61
Finland 11 84 FFr	80	88¼	89¼	−0⅛	−1	15.25
Gaz de France 11 84 FFr	150	90¾	91¾	+0¼	−0½	14.31
La Redoute 14¾ 85 FFr	125	93⅞	94⅞	+0¼	−0⅜	16.09
OKB 14 86 FFr	400	96⅞	97⅞	+0¼	−1⅜	14.77
Utd. Mex. Sts. 14 85 FFr	150	95⅜	96⅜	−0⅛	−1¼	15.20
Acona 14 85 £	20	94¼	95¼	−0½	−0¼	15.59
Beneficial 14¼ 90 £	20	93½	94¼	−0¼	−0⅜	15.47
BNP 13½ 91 £	15	95⅞	96⅝	−0⅜	−0½	14.21
CECA 13½ 88 £	20	96	96⅞	−0⅜	−0½	14.26
Citicorp O/S 13½ 90 £	50	95¼	96½	−0¼	−0⅜	14.28
Fin. for Ind. 14½ 88 £	20	98⅞	99⅝	−0⅜	−1⅜	14.68
Fin. for Ind. 13¾ 87 £	20	97¼	98	−0¼	−1½	14.28
Gen. Elec. Co. 12½ 89 £	50	93¾	94½	−0⅛	−0⅜	13.75
Peugeot SA 14 90 £	23	93¾	94¼	−0⅛	−0⅝	15.19
Rothschild 14½ 90 £	12	98¼	98⅞	−0⅜	−0⅞	14.50
Royal Trustco 14 86 £	12	98⅝	99½	−0¼	−1⅛	14.26
Swed. Ex. Cr. 15¼ 85 £	20	102¼	102⅞	−0⅞	−1⅛	14.37
Banobras 8¼ 90 KD	7	†89½	90	0	0	10.01
CCCE 8⅛ 91 KD	10	†82½	83	0	0	11.05
Sonatrach 8½ 90 KD	12	†82	92½	0	0	9.82
Akzo 9¼ 87 LuxFr	500	88½	89½	−2¼	−1⅜	11.70
Euratom 9¼ 88 LuxFr	500	89⅛	90⅛	−4⅛	−3⅞	11.98
Eurofima 10½ 87 LuxFr	500	95⅜	96⅜	−1⅛	−1¼	11.30
EIB 9¾ 88 LuxFr	600	90⅞	91⅞	−3⅛	−3⅛	11.63
Volvo 9¼ 87 LuxFr	500	89⅝	90⅝	−2⅛	−1⅞	11.94

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	98⅞	99⅛	2/7	16⅝	16.77
Bank of Montreal 5¼ 90	0¼	99⅝	100⅛	18/6	19½	19.52
Bank of Tokyo 5¼ 89	‡0⅛	98⅝	99⅛	25/4	19.31	19.53
BBL Int. 5 86	0¼	98⅝	99¼	20/5	16½	16.67
Bergen Bk. A/S 6 89	‡0¼	†98⅛	98⅝	29/5	17¼	17.41
BNP 5½ 88	‡0⅛	99⅜	99⅞	29/4	18.69	18.76
CNT 5¼ 88	§0¼	99	99½	16/4	13¼	13.35
Christiania Bk. 5½ 91	‡0¼	97⅝	97⅞	5/5	17⅝	18.18
Citicorp O/S F. 84	‡0	98⅞	99⅜	31/3	16.81	16.96
C. Itoh 5¼ 87	0¼	99	99½	18/3	12⅞	12.97
Co-operative Bk. 6 86	0¼	97½	98	15/5	15¼	15.60
Den Norske Credit 6 90	‡0¼	98	98½	5/5	17¾	18.07
Genfinance 5½ 87	0¼	98⅝	99⅛	30/4	15⅛	16.28
Giro-und Bank 5¼ 91	‡0¼	98⅝	99⅛	23/3	20½	20.73
GZB 5½ 89	‡0¼	98⅞	99⅜	1/5	17⅞	18.03
Ind. Bank Japan 5¼ 87	0¼	98⅞	99⅜	15/4	13.31	13.46
Ind. Bank Japan 5¼ 88	0¼	98¼	98¾	9/4	13⅛	13.32
Lloyds Eurofin 8 90 £	0⅛	96⅞	97⅛	3/7	14½	14.97
Lloyds Eurofin 5¼ 92	0¼	98⅛	98⅝	4/6	17¼	17.53
LTCB Japan 5¼ 86	0¼	100¼	100¾	13/6	20.19	20.09
Man. Hanov. O/S 5¼ 94	‡0⅛	98	98½	30/5	17	17.30
Midland Intl. Fin. 5 89	0⅛	99¾	100¼	30/6	19.66	19.56
Midland Intl. Fin. 5¼ 92	0¼	98⅜	98⅞	5/6	17.19	17.43
Nacional Fin. 6¼ 88	0¼	98⅞	99⅜	25/7	17⅝	17.91
Nat. West. 5¼ 94	§0⅛	97⅝	98⅛	14/4	13¼	13.54
Nat. West. 5¼ 92	§0⅛	97⅝	98⅛	23/4	13.69	13.99
Nippon Credit 5¼ 87	‡0¼	99¼	99¾	6/5	17.44	17.53
Sparebanken 6 87	0¼	98⅝	99⅛	19/6	19⅞	20.08
Standard Chart. 5¼ 90	0¼	98¾	99¼	6/3	12.06	12.18
Svenska Hndlsbk. 5 87	0⅛	99½	99⅝	16/7	17.81	17.92
Bq. Ex. d'Alg. 4½ 89 SF	0⅝	†90½	91½	18/6	7½	8.24

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	100	101¼	+0⅛	26.28
Canon 6⅛ 95	1/81	829	112⅝	113⅝	+1⅝	8.17
Credit Suisse 4¾ 93	10/79	1278	93½	95¼	−3¼	−7.36
Digicon Fin. 8½ 95	10/81	29.5	99	100½	+0⅜	8.46
Enserch Fin. 9½ 94	7/80	30.25	166½	167½	+4	−1.66
Hanson O/S Fin. 9½ 95	1/81	1.92	105⅛	106⅛	−0⅛	2.74
Ina Overseas 8¼ 2000	4/81	42	99¾	100¼	+0¼	8.18
Inchcape Ltd. 8 95	2/81	4.55	91¾	92¾	0	2.67
Jacca 7½ 95	11/80	565	131	132	−1⅞	−0.07
Marion Int. Fin. 9 95	12/80	23.25	87½	88½	+0¼	58.95
Matsushita El. 7½ 95	11/80	590	101	102	+1	9.71
MEPC 8¼ 96	2/81	2.47	99½	100¼	−0¼	13.75
Niigata Eng. 7½ 95	1/81	327	101½	102½	+0⅞	4.77
Nissho-Iwai Co. 8 96	10/80	398	91½	92½	+0½	−0.76
Ricoh 6⅞ 95	8/80	604	113⅛	114⅛	+2	1.28
Sumitomo M. Ind. 7 95	2/81	181	110	111	+0½	5.46
Swiss Bk. Cpn. 6¾ 90	9/80	200	83¼	85¼	−1¾	18.90
Taylor Woodrow 8¾ 90	1/81	4.94	97	98	+0½	6.39
Transco Int. 8¾ 95	2/81	68	88¼	90¼	−0¼	25.80
Tricorp 8½ 95	12/80	31.25	93¼	94¾	−0½	4.91
Union Bk. Switz. 5 89	2/80	121.4	81½	83½	−2⅛	−16.49
Fujitsu 5 84 DM	7/79	431.5	129½	130½	+3½	−1.01
Sharp Cpn. 6½ 88 DM	9/80	595	142½	144	−0¼	−4.01
Uny Co. 6½ 85 DM	11/79	867.3	108¼	109¼	−0¼	10.24

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

James Buxton in Rome reports on the outlook for Italy's stock market

New guidelines for Milan bourse

"WE HAVE an imperfect and crude securities market which explodes as soon as demand runs up against inadequate supply, a torrential market which alternates between droughts and flash-floods in which, according to the current logic, one gambles and speculates but does not invest".

This unflattering view of the Italian stock market — in effect the Milan bourse—is held by Professor Guido Rossi, who has just taken charge of the Consob, Italy's stock market regulatory organisation. His job is to strengthen its powers and "clean up" the bourse.

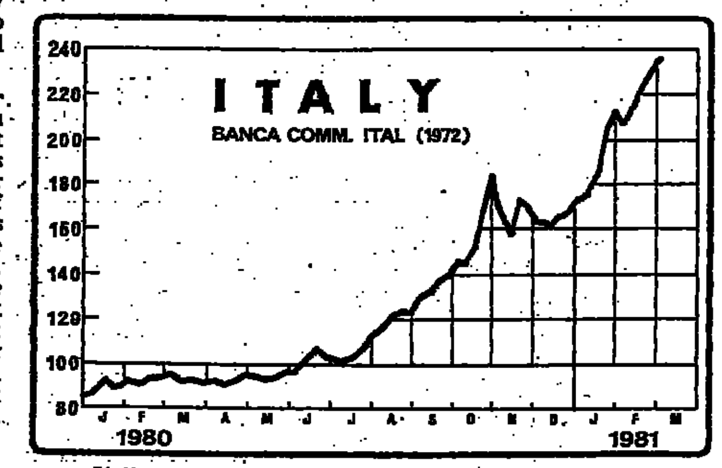
The market is enjoying a prolonged boom which has taken share prices up by 35 per cent in the first two months of this year alone, on top of a 107 per cent increase in 1980. One of the more impressive measures of the bourse's revival is the high volume of transactions, recently so heavy as to outpace the computers set to measure it each day. For one week last month average turnover totalled L84bn a day, compared with L4bn daily in the market trough of 1977 and L15bn in 1979.

As with many stock exchange booms this one is to some extent self-generating, fired, as Prof. Rossi implies, by the relative scarcity of shares. Total market capitalisation at the end of 1980 was still a modest L23,500bn ($23.5bn), roughly half the size of the Paris market and a long way short of London which is valued at $190bn. Of the 162 companies quoted little more than 50, according to one senior broker, are actually able to be freely traded.

Italian investors, offered poor rates of interest on bank deposits and finding that three month Treasury Bills, though an increasingly popular form of investment, do not keep pace with inflation, are trying their luck with shares. So far they have done well.

Even so, in real terms the market is still below the level at the beginning of the 1970s. And the continuing revival of interest in the bourse has triggered a wave of capital increases by companies which are going some way to relieve the shortage of stock.

Last year some L3,034bn of new shares was added to the market (against L604bn in 1979) together with a further L354bn in convertible loan stock. Most of the 60 or so rights issues launched last year were relatively small compared with those being put into effect this year: Fiat is raising L250bn, the two Italian-based Pirelli holding companies are raising L128bn between them and Olivetti is raising L180bn.



Italian share price index . . . a sharply rising trend

Another significant financing move is the doubling of the capital of the three banks controlled by IRI, the state holding company, part of this offering is to be financed by a bond issue which will be convertible into the shares of the three banks—Credito Italiano, Banca Commerciale and Banco di Roma—giving the public a stake in them and freeing IRI funds for its less marketable subsidiaries.

But much more than new share issues is needed if the bourse is to be permanently upgraded and strengthened, which is what Prof. Rossi and most of those directly concerned with it want. For the bourse retains a reputation for shady operations and insider dealing—of which the Sindona affair which precipitated the last bourse crash in 1974 was only the most spectacular recent example.

According to Prof. Rossi there are companies quoted on the bourse which are effectively "deadwood" and others that no longer meet official requirements for quotation. Companies are often highly secretive in providing information to shareholders, he says, and annual meetings have in many cases become "a squalid ritual of manipulated speeches."

No wonder, then, that the small saver has usually been too timid to venture into the muddy waters of stock market investment.

Much of the blame for this state of affairs can be laid at the door of the Consob itself, which hitherto has had very little in common with its U.S. counterpart, the Securities and Exchange Commission. The previous board of the Consob included Sig. Bruno Pazzi, a cinema, theatre and club owner whose appointment in 1978 produced a political storm. Sitting in Rome, while the action was all in Milan, the old Consob board approved only one new company for a listing on the bourse and exercised very little control.

Sig. Pazzi's term has not yet expired, but all the other members of the five-man commission are new, and the Consob is to move to Milan within six months.

Prof. Rossi wants to remove the deadwood and give more companies quotations. The new Consob will ask companies to be more precise and more generous in the information they disclose, and wants shareholders' meetings to be opened up to the participation of outsiders, including journalists. It will ask companies presiding to explain the role of those participants wielding big blocks of votes representing outside interests. Companies will be expected to keep a certain minimum number of shares in circulation. And there will be moves to eliminate insider trading.

The more basic of these proposals will be generally welcomed though even the bigger and better known companies will have strong reservations about making more information available to the public. And companies will be very loth indeed to issue sufficient shares to the public to enable small shareholders to have majority control, instead of the present system of syndicates of control by big institutional shareholders.

Yet this is a logical conclusion of the development of a strong stock exchange, and is desired by many brokers.

How well the new Consob fares comes down to a question of political will. The Consob has always had the legal powers to do what Prof. Rossi wants it to do, and it now has a competent team appointed by Sig. Nino Andreatta, the Treasury Minister. But in practice it could well run foul of political factions.

But the government has realised that the bourse is a good source of funds for some of the more successful state-owned industries and it has few political reservations about sending state property into private hands. Plainly it has an interest in a strong stock exchange.

Swiss Bank plans rights issue

BY JOHN WICKS IN ZURICH

SWISS BANK Corporation reports net profits 11 per cent higher at SwFr 286.6m ($149m) for 1980 and proposes a rights issue to raice close on SwFr 260m.

Like its two main rivals, SBC is to maintain the shareholders' dividend—at 10 per cent despite profits growth which was marginally slower than the 14 per cent and 15 per cent achieved respectively by Credit Suisse and the Union Bank of Swizerland.

The rights issue is to be on a one-for-10 basis at 125 per cent of par and will involve registered shares and participation certificates. The need for fresh capital arises partly from the weakness of the Swiss franc against the dollar, the bank says.

The rise in profits was attributable to an improvement in all sectors. The major single source of income, interest balances, increased by 8 per cent to SwFr 586.6m, mainly because of operations outside Switzerland.

Earnings from bills of exchange and money-market paper rose by 81 per cent to SwFr 228.8m. Net commission income went up by 12.6 per cent, while profits from foreign exchange and gold trading rose 22 per cent to SwFr 340.2m.

A "good three-quarters" of balance sheet growth originated in SBC's foreign branches, having been caused partly by the rise in dollar and sterling exchange rates. The year-end balance sheet totalled SwFr 74.1bn, up 7 per cent.

Setback for KemaNobel

By Victor Kayfetz in Stockholm

PLASTICS, SILICON, petrochemicals and explosives showed poorer earnings, pulling down the pre-tax profit of Sweden's KemaNobel group from SKr 213m to SKr 164m ($35m) last year despite higher earnings from adhesives and consumer goods. But an unchanged dividend of SKr 5 a share is proposed.

Sales by the chemicals group rose by 12 per cent to SKr 3.37bn after minor adjustments.

The preliminary report says that "1980 appears to have involved an unusually drastic deterioration for the group in important areas, but currently available assessments point towards a recovery in earnings during 1981."

The basic chemicals sector, KemaNord was hard hit by lower demand for PVC plastic and silicon during the second half of 1980. Unifos Kemi, a petrochemicals company half-owned with Union Carbide of the U.S., experienced a somewhat less serious drop in earnings, KemaNobel says.

Nitro-Nobel, the explosives specialist, saw the earnings of its Swedish units drop as a result of labour disputes and problems in reorganising production. But its foreign associates "did well."

KemaNobel's special chemicals sector had relatively favourable profits, with glue-maker Casco showing the best earnings growth. The consumer goods sector showed higher profits but its Swedish units still had unsatisfactory earnings.

Astra upgrades 1980 results

By Our Stockholm Staff

ASTRA, the Swedish pharmaceuticals group, reports 1980 pre-tax earnings of SKr 181m ($39m), up from SKr 152m in 1979. This is SKr 9m higher than the preliminary figure announced in January.

The Board proposes a one-for-four scrip issue increasing capital by SKr 68m to SKr 339m with the new shares entitled to a dividend from this year. The Board recommends raising the dividend per old share to SKr 6.25, equivalent to an unchanged SKr 5 per share once the scrip has been implemented.

Group sales for comparable units rose by 16 per cent to SKr 1.99bn ($427m) and profit margins climbed from 8.0 to 9.1 per cent. Of the pre-tax profit gain SKr 5m was attributable to higher operating earnings with the balance attributable to a swing into the black for financial items.

Carrefour profit up 23%

BY TERRY DODSWORTH IN PARIS

CARREFOUR, France's leading supermarket group, increased net profits by 23 per cent last year to FFr 217m ($43.4m) in the face of a generally difficult climate for retailers.

The improvement in profits was matched by a similar 22 per cent jump in turnover to FFr 12.3bn. This rise was also well in excess of the French rate of inflation last year of 13.5 per cent.

Despite these buoyant results, the company is proposing to pay the same dividend as last year of FFr 65 a share on capital increased by a one-for-five scrip

Costs hit Denner earnings

BY OUR ZURICH CORRESPONDENT

TURNOVER of the leading Swiss discount chain, Denner, rose by 11.9 per cent to a record SwFr 807.7m ($425.1m) in 1980, of which nearly 87 per cent was accounted for by sales of food. But net profits dipped to SwFr 6.3m from SwFr 7.8m.

Part of the sales growth is attributed to the acquisition of shops from the Merkur chain. In all, the number of Denner branches increased in 1980 from 160 to 194.

The privately-owned company says the reduced profit follows a rise in depreciation and costs involved in the takover of the Merkur shops. Cash flow showed a slight improvement over the year from SwFr 16.4m to SwFr 16.8m. For the current year Denner feels that turnover could well pass SwFr 1bn.

SOUTH AFRICAN TYRE INDUSTRY

Fedvolks buys 75% of Firestone SA

BY DES KILALEA IN JOHANNESBURG

FIRESTONE TIRE and Rubber of the U.S. has agreed in principle to sell just over 75 per cent of its South African subsidiary to Federale Volkbeleggings, the industrial holding company.

The sale follows similar moves by Firestone in Spain, Mexico and Japan, where only minority stakes are now held, but it is thought that Firestone's assets in South Africa are worth some $80m.

No price has been announced, as the deal is still subject to South African exchange control authorisation. It seems likely that at least part of the repatriation of the proceeds will be allowable as dividends, and so go through the commercial Rand market, while the rest will have to go through the Financial Rand market.

Under the agreement, Fedvolk's 75.1 per cent of Firestone SA will be placed in a holding company in which the country's second largest insurance group, Sanlam, will hold 25 per cent.

Firestone SA holds about 27 per cent of the local vehicle tyre market, estimated to be worth some R210m ($270m) annually. This makes it one of the top three manufacturers in the country. Firestone U.S. explains that having a local partner offers better long-term prospects, and also releases funds for investment elsewhere.

With less than a 25 per cent foreign shareholding in Firestone SA, the group will not be subject to the domestic borrowings limits placed on overseas controlled companies.

Fedvolks is one of South Africa's larger industrial holding companies, with interests ranging from food to electronics and chemicals. One of its associated companies produces synthetic rubber through a subsidiary, Carbochem, which is used by Firestone in the manufacture of light vehicle tyres.

To finance the acquisition of Firestone, Fedvolks is having a R30m rights issue of convertible preference shares carrying a coupon of 9.5 per cent. The conversion option comes into effect when the ordinary dividends exceed the annual 47.5 cents payment preference holders will receive. In the last financial year, Fedvolks paid an ordinary dividend of 22 cents.

● Ian Hargreaves adds from New York: Firestone said here its South African subsidiary would require "substantial capital investments" in future years and that because of the parent company's needs in other areas, it would have been difficult to meet these requirements.

Firestone has closed or sold numerous parts of its business in the last year, as it was forced into a financial crisis by the changing structure of the North American tyre market. The company recently reported its first profitable quarter for a year.

Downturn at Cusaf but dividend up

By Our Johannesburg Correspondent

COMMERCIAL UNION Assurance (CUSAF), in which Commercial Union of the UK has a 45 per cent interest, has reported a 15 per cent fall in earnings for last year, in contrast with the large profit increases of other most listed South African companies.

Taxed profits totalled R3.1m ($3.9m) in 1980, against R3.6m in the previous year. Pre-tax profit fell even more sharply, from R5.1m to R3.7m, but tax payments for 1980 were less than half the 1979 levels. Nonetheless, the board has raised the final dividend to 16 cents, lifting the total distribution for the year to 24 cents from 22 cents.

Kirsh plans retail vehicle listing

BY OUR JOHANNESBURG CORRESPONDENT

KIRSH GROUP, which last week gained control of the Russels furniture chain in a R35m ($44m) market raid, is to list its newly acquired retail interests via the Coki Corporation. The move, which involves the issue of shares by the listed subsidiary Metro Cash and Carry (Metcash) to the listed Pyramid Kimet, will mean the injection into Coki of the 9.8m share controlling stake in Russels and 30 per cent of the fast growing discount retailer Dion, which was acquired for R11.5m in January.

Currently Kimet is controlled by Kirsh Industries while Metcash is 50 per cent owned by Kimet. After the series of transactions the group structure will be largely unaltered.

The steps involved the issue to Kirsh of 16.2m Coki shares for the 55 per cent of Russels bought on the market. These shares will then be bought by Metcash for 1m Metcash shares and R10m in cash. Some 500,000 of the Metcash shares will be bought by Kimet for 4.5m Kimet shares thus maintaining the overall control structure. The balance will be placed with institutions at R25 a share in cash.

Metcash, which is to be renamed Metro Corporation, will finance the cash element by a R10m redeemable preference share issue. In addition it will sell its shareholding in Dion to Coki for 7.2m Coki ordinary shares at R1.60 each, giving it a 95 per cent holding in the new retail group. The deal also includes the sale by Coki to Kirsh Industries of its 1m share Constantia Insurance stake for R1m.

● GROUP FIVE Engineering, the South African civil engineering construction group, lifted net profit from R862,000 in 1979 to R5.4m last year. Earnings per share jumped from 9.4 cents to 58.4 cents. The company was troubled in previous years by heavy losses on a road construction project in Botwana. Mr. Fred Law, the chairman, said that earnings in 1981 should be "comfortably higher than last year."

South African fertiliser industry attacked

BY OUR JOHANNESBURG CORRESPONDENT

RESTRICTIVE practices in the South African fertiliser industry have been strongly criticised by the Competition Board, the Government's anti-monopoly watchdog.

In a report tabled in Parliament, the Competition Board has said that investigations into the fertiliser industry have uncovered practices which were not justified in the public interest.

The industry is dominated by three companies: AECI, the local affiliate of ICI, which is mainly a supplier of fertiliser raw materials such as ammonia; Triomf Fertilizer, in which AECI has a 49 per cent interest; and Fedmis, a subsidiary of Sentrachem, another leading chemicals group. Fedmis and Triomf between them supply about 90 per cent of the country's fertiliser needs.

The Competition Board has proposed that the Government take steps to end a market sharing agreement between Triomf and Fedmis. Under the agreement, Triomf is entitled to up to 56 per cent of combined sales, and Fedmis to 46 per cent. The board said that this agreement was "at the expense of a freer and competitive market system, and to the detriment of the consumer."

The board was also critical of arrangements regarding imports of fertiliser raw materials, including urea and ammonia. At present, the industry vets all applications for import permits, and according to the board's report, has restricted the share of small companies of nitrogenous material to a fixed part of the total market.

Instead, the board has proposed that any fertiliser manufacturer should be permitted to import "reasonable requirements," if the Government is satisfied that these cannot be met from local sources. Further, if local producers refuse to supply the smaller companies, customs duties on their imports should be lowered, the board says.

The board suggested that both import control and price control on fertilisers should eventually be phased out. It is also investigating the feasibility of scrapping price controls on other widely-used raw materials, including bricks and cement.

Fedmis says that the Competition Board's report gives a one-sided impression of the fertiliser industry. Some of the practices criticised by the board were in the consumers' interest and held back price increases.

Dunswart more than doubles earnings

By Bernard Simon in Johannesburg

BUOYANT DOMESTIC sales helped Dunswart Steel, one of South Africa's larger private-sector steel producers, to lift attributable profits to R7.6m ($9.6m) last year, more than double the R3.3m earned in 1979. Turnover rose by 28 per cent, from R68.6m to R86.4m ($109m).

The 1980 results include R3.2m from the sale of two subsidiary companies. Before taking this extraordinary item into account, taxed income last year totalled R4.5m, against R3.4m in 1979.

Dunswart, which is 71 per cent owned by the mining house General Mining Union Corporation, has declared a final dividend of 10 cents, bringing the total for 1980 from 10 cents to 15 cents. The dividend is covered 5.7 times.

The directors say that the company will give priority in 1981 to the domestic market, which is expected to remain "generally satisfactory." Dunswart's produces sponge iron, steel billets, and rolled steel sections. Rolled sections accounted for almost 90 per cent of total sales in 1980.

The company's liquid steel output is expected to total 380,000 tons in 1981, about 21,000 tons higher than last year. Production of rolled sections will probably fall slightly to 243,000 tons.

Dunswart has allocated R21m for the development of the existing light section mill and the installation of a second continuous casting plant. The expansion will be financed mainly by an increase in share capital, completed last year, and by the sale of subsidiaries.

Lower tax helps W. R. Carpenter

By Our Sydney Correspondent

W. R. CARPENTER Holdings, the diversified industrial group, raised its profit 15 per cent in the six months to December, with a strong improvement in Australian operations more than offsetting a downturn in overseas earnings. Group profit rose from A$6.09m to A$6.99m (US$8m) on a modest 7 per cent growth in turnover from A$206m to A$20m (US$253m).

The upturn rested partly on a 12 per cent reduction in the tax bill, resulting from previous losses. The directors consider the result was satisfactory, and have increased the interim dividend from 6.5 cents a share to 7 cents.

Profits from the Papua New Guinea operation fell 11.5 per cent and the South Pacific division earned 6.1 per cent less. In Australia all divisions turned in better results.

Sharp rise for Goodwood Park Hotel

By Georgie Lee in Singapore

GOODWOOD PARK HOTEL, Singapore's largest hotel group, has announced group pre-tax profits for the year ended September 1980 almost doubled to S$23m (US$10.9m). Taxed profits went up by 116 per cent to S$13.3m.

The Goodwood group, which controls five Singapore hotels, has declared a second and final gross dividend of 7.5 per cent, making a total of 15 per cent for the full year.

Pastoral sector decline fails to halt Elder Smith

BY JAMES FORTH IN SYDNEY

PROFIT FOR the half-year to December 31 at Elder Smith Goldsbrough Mort, the diversified industrial and pastoral group, rose almost 13 per cent, from A$8.6m to A$9.7m (U.S.$11.17m). Sales hose 9 per cent to A$1.19bn. The directors said that the outlook for the second half was encouraging and they were confident that the full year's results would be satisfactory.

The improved trading figures were achieved despite the reduced profitability of the group's pastoral house activities.

The board said that the divisions which did most to offset the pastoral decline were steel and metals distribution, merchant banking, builders' supplies and the distribution of wine and spirits.

● Mr. Solomon Lew, a Melbourne businessman has launched a A$30m (US$34.54m) market bid for John Martin, the 115 year old Adelaide retailing group. Mr. Lew who has retail interests in Melbourne, announced that Parfit Investments, his company, would stand in the market and take all the shares offered at A$1.30 a share after first gaining 19.7 per cent of the capital.

Mr. Lew's move came less than five months after Martin repelled overtures from Ezywalkin another retail group which ended up with close to 12 per cent of the capital. At one stage the South Australian Government Insurance Office bought close to 3 per cent of Martin's capital to ward off Ezywalkin. The rejected retail group sold to Mr. Lew yesterday but successfully demanded A$1.40 for its holding and the on-market bid will be raised to this level.

Howard Smith well ahead despite coal division loss

BY OUR SYDNEY CORRESPONDENT

HOWARD SMITH, the coal, engineering and sugar group, boosted profits by 48 per cent in 1980 and plans a one-for-six scrip issue—the first free offering since 1977. The profit rose from A$16.5m to A$24.4m (US$28m) on sales more than doubled from A$151m to A$360m (US$414m).

The result stemmed principally from the group's sugar interests. A A$3.4m profit the new stevedoring subsidiary, James Patrick also helped. The coal division experienced a A$4.2m turnround into loss for the year which the directors described as "extremely disappointing considering the huge capital investment in this sphere." They added that development of the Mt Thorley open-cut coal mine in New South Wales was proceeding to schedule.

Shipping earnings fell but towage results improved. The engineering operations, mainly conducted through A. Goninan and Co., lifted profits.

The annual dividend is held at 22.5 cents and the directors expect to maintain this rate on capital increased by the scrip issue.

Boral set for record

By Our Sydney Correspondent

BORAL, the major industrial group, lifted its profits by 33 per cent in the six months to December, and appears set for another record full year result. Group earnings rose from A$16.7m to A$22.1m (U.S.$ 25.4m), on a 27 per cent increase in sales from A$228m to A$290m (U.S.$ 333m).

The interim dividend is maintained at 6.25 cents a share on capital expanded by a one-for-five scrip issue late last year, and shares issued in the recent acquisition of a controlling stake in the Adelaide based Quarry Industries. The dividend is three times covered by profits.

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CURRENCIES, MONEY and GOLD

Pound improves

Dollar showed little change on balance against major currencies yesterday, but finished around its lowest level of the day. Earlier in the day the U.S. currency was firm on higher Eurodollar interest rates, but eased later as a growing number of U.S. banks reduced their prime lending rates to 18½. Trading was quiet however because of Carnival celebrations for Shrove Tuesday in many parts of Europe.

Sterling gained ground after its recent sharp decline, improving against the dollar and major European currencies.

European currencies finished little changed against the dollar. The Dutch guilder and French franc were joint leaders of the European Monetary System, while the D-mark was unchanged in third place. The Belgian franc came under further pressure, remaining well outside its official divergence limit.

DOLLAR — trade-weighted index (Bank of England) fell to 101.3 from 101.4. The U.S. currency was unchanged at DM 2.1525 against the D-mark, after touching a peak of DM 2.1830. In quiet trading the dollar eased to SwFr 1.9810 from SwFr 1.9860 against the Swiss franc, and fell to Y208.50 from Y211 in terms of the Japanese yen.

STERLING — trade-weighted index (Bank of England) rose to 99.5 from 98.7, after standing at 99.0 at noon and in the morning. The pound opened at $2.1775-2.1785 and fell to $2.1750-2.1760 in the morning. By noon it had recovered to $2.1900 and closed almost at the day's high at $2.2050-2.2070, a rise of 2.55 cents on the day. Sterling rose sharply against Continental currencies, finishing at FFr 11.1525 against the French franc, compared with FFr 11.0525, and rising to DM 4.74 from DM 4.6950 against the D-mark.

D-MARK—A sharp rise in German interest rates coupled with earlier intervention by the Bundesbank has led to a recovery by the D-mark. Unfavourable interest rate differentials and Germany's very large balance of payments deficit had previously combined so that the D-mark fell within the European Monetary System and against the dollar. However, market uncertainty continues, while Germany's proximitey to Poland remains a market factor — The D-mark showed mixed changes in quiet trading with several financial centres closing early for the Shrove Tuesday Carnival celebrations. The fixing of major currencies effectively brought about the end of Frankfurt trading as the dollar eased back from a very firm opening. Higher U.S. interest rates and the apparent stabilization of German rates following the reopening of the Bundesbank Lombard facility at 12 per cent pushed the U.S. currency to DM 2.1730 from DM 2.1510 at the fixing, after touching DM 2.1800. The German central bank did not intervene. Sterling rose to DM 4.7380 from DM 4.6860 at the fixing.

DANISH KRONE — Fairly steady around the middle of the EMS, but losing ground to the guilder and D-mark following the upward trend in Dutch and German interest rates. Continuing high U.S. interest rates are also likely to depress the krone against the dollar, while the Danish currency's international value is close to the lowest level for 35 years—The krone weakened against all major currencies at the Copenhagen fixing, falling near its lowest trade-weighted value since the end of the War. According to the Copenhagen Handelsbank the krone's international value fell by 1.9 per cent during February and by 6.7 per cent in the last year. The dollar rose to DKr 6.8085 from DKr 6.7285 at the fixing and sterling to DKr 14.8520

THE POUND SPOT AND FORWARD

March 3	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1750-2.2075	2.2050-2.2070	0.55-0.65c dis	−3.26	2.65-2.75dis	−4.89
Canada	2.6230-2.6550	2.6525-2.6545	0.80-0.90c dis	−3.84	3.10-3.25dis	−4.79
Nethlnd.	5.21½-5.26½	5.24½-5.25½	1½-½c pm	2.28	1¾-⅞ pm	0.95
Belgium	77.30-77.95	77.80-77.90	8c pm-2 dis	0.46	17-27 dis	−1.13
Denmark	14.82-14.93	14.90½-14.92½	1¼ore pm-¼ dis	0.40	4¾-6¾ dis	−1.51
Ireland	1.2900-1.3000	1.2950-1.2960	par-0.13p dis	−0.60	0.37-0.54dis	−1.40
W. Ger.	4.72-4.76	4.74½-4.75½	¼ pf-¼ dis	−0.31	1-2 dis	−1.26
Portugal	124.50-127.00	126.80-127.00	40c pm-55 dis	−0.71	par-185 dis	−2.91
Spain	192.00-194.70	194.40-194.60	5c pm-45 dis	−1.23	215-270dis	−4.99
Italy	2277-2302	2300-2302	6½-8½lire dis	−3.91	31-34 dis	−5.65
Norway	11.95-12.09	12.06½-12.08½	2¾-1¼ore pm	1.86	½pm-1¼dis	−0.21
France	11.13-11.18	11.14¾-11.15¾	¼c pm-¼ dis	—	4-5 dis	−1.61
Sweden	10.22-10.33	10.31¼-10.32¼	1½-2¼ore dis	−2.02	9¾-10¾dis	−3.63
Japan	457-462	459½-460½	2.20-1.95y pm	5.41	4.45-4.20pm	3.76
Austria	33.50-33.80	33.75-33.80	6-2gro pm	1.42	par-10 dis	−0.59
Switz.	4.34-4.38	4.36½-4.37½	2¾-1½c pm	5.15	3¼-2¾ pm	2.40

Belgian rate is for convertible francs. Financial franc 79.70-79.80. Six-month forward dollar 5.20-5.30c dis. 12-month 8.30-8.50c dis.

THE DOLLAR SPOT AND FORWARD

March 3	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1750-2.2075	2.2050-2.2070	0.55-0.65c dis	−3.26	2.65-2.75dis	−4.89
Ireland†	1.6910-1.7055	1.6980-1.7010	0.25-0.35c dis	−2.12	1.30-1.40dis	−3.19
Canada	1.2030-1.2058	1.2030-1.2033	0.07-0.12c dis	−0.94	0.05-0.10dis	−0.25
Nethlnd.	2.3800-2.3990	2.3800-2.3850	1.20-1.10c pm	5.76	3.62-3.52pm	5.96
Belgium	35.29-35.56	35.29-35.31	14-12c pm	4.41	38-33 pm	3.90
Denmark	6.7700-6.8175	6.7750-6.7800	1.75-1.25ore pm	2.66	5.50-5.40 pm	3.33
W. Ger.	2.1515-2.1830	2.1520-2.1530	0.58-0.48pf pm	2.95	1.95-1.85 pm	3.53
Portugal	57.35-57.90	57.35-57.65	30c pm-10 dis	2.08	70 pm-10 dis	2.08
Spain	88.17-88.35	88.25-88.35	20-5c pm	1.70	5pm-15dis	−0.23
Italy	1041-1047	1044½-1045½	½-1½lire dis	−0.72	1¾-2¾ dis	−0.86
Norway	5.4650-5.4865	5.4810-5.4840	2.30-1.80ore pm	4.42	6.70-6.20pm	4.70
France	5.0400-5.1150	5.0400-5.0500	1.50-1.35c pm	3.38	4.20-3.95pm	3.20
Sweden	4.6720-4.6925	4.6760-4.6780	0.20ore pm-par	0.25	0.90-0.70 pm	0.68
Japan	208.40-210.75	208.45-208.55	1.55-1.40y pm	8.49	4.55-4.40 pm	8.58
Austria	15.31-15.38	15.31¼-15.32¼	6.90-4.60gro pm	4.11	18.50-15.00pm	4.37
Switz	1.9770-2.0080	1.9805-1.9815	1.40-1.30c pm	8.18	4.07-3.97 pm	8.12

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 3	Bank of England Index	Morgan Guaranty Changes%
Sterling	99.5	−26.4
U.S. dollar	101.3	−3.0
Canadian dollar	85.0	−18.6
Austrian schilling	114.7	+21.7
Belgian franc	106.9	+8.8
Danish kroner	88.7	−10.6
Deutsche mark	119.5	+39.1
Swiss franc	132.5	+73.8
Guilder	111.7	+15.4
French franc	85.8	−9.5
Lira	60.8	−53.9
Yen	147.0	+42.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.558338	0.543649
U.S. $	15	1.21578	1.18325
Canadian $	17.08	1.46307	1.42369
Austria Sch.	6¾	18.5066	18.0091
Belgium F.	12	42.8076	41.6579
Danish K.	11	8.17612	7.96329
D mark	7½	2.61514	2.54518
Guilder	8	2.89720	2.81827
French Fr.	9½	6.14820	5.98548
Lira	16½	1260.16	1226.44
Yen	7¼	256.045	249.903
Norwgn. Kr.	9	6.69408	6.50611
Spanish Pts.	8	106.479	103.663
Swedish Kr.	12	5.67891	5.52408
Swiss Fr.	4	2.41515	2.34994
Greek Dr'ch.	—	—	51.3990

OTHER CURRENCIES

Mar. 3	£	$		£ Note Rates
Argentina Peso	4939-4959	2255-2265	Austria	33.25-33.65
Australia Dollar	1.9065-1.9105	0.8670-0.8675	Belgium	78.50-79.30
Brazil Cruzeiro	156.50-157.50	71.51-71.87	Denmark	14.75-14.90
Finland Markka	9.028-9.047	4.1320-4.1340	France	11.07-11.17
Greek Drachma	111.368-114.195	52.30-52.40	Germany	4.71½-4.76
Hong Kong Dollar	11.81-11.83	5.3680-5.3720	Italy	2260-2370
Iran Rial	165.00*	75.75*	Japan	456-462
Kuwait Dinar (KD)	0.597-0.605	0.2754-0.2756	Netherlands	5.20-5.25
Luxembourg Frc.	77.80-77.90	35.29-35.31	Norway	11.86-11.98
Malaysia Dollar	5.0850-5.0950	2.3110-2.3150	Portugal	121-127
New Zealand Dlr.	2.3980-2.4030	1.0905-1.0915	Spain	185½-195¼
Saudi Arab. Riyal	7.27-7.33	3.3490-3.3530	Sweden	10.20-10.30
Singapore Dollar	4.63-4.64	2.1060-2.1100	Switzerland	4.33-4.37½
Sth African Rand	1.7305-1.7325	0.7845-0.7865	United States	2.17-2.19
U.A.E. Dirham	7.98-8.04	3.6720-3.6740	Yugoslavia	78-81

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 3	% change from central rate	% change adjusted for divergence	Divergence limit %
...n Franc	39.7897	41.7617	+4.96	+1.77	±1.53
...h Krone	7.72336	7.98073	+3.46	+0.27	±1.64
... D-Mark	2.48208	2.54998	+2.74	−0.45	±1.125
...h Franc	5.84700	6.00040	+2.62	−0.57	±1.3557
... Guilder	2.74362	2.81563	+2.62	−0.57	±1.512
[illegible]	0.668201	0.696866	+4.28	+1.07	±1.668
[illegible]	1157.79	1229.77	+6.22	+3.22	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Mar. 2	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.206	4.750	460.0	11.153	4.370	5.250	2301.	2.654	77.85
U.S. Dollar	0.453	1.	2.153	208.5	5.056	1.981	2.380	1043.	1.203	35.29
Deutschemark	0.211	0.464	1.	96.84	2.348	0.920	1.105	484.4	0.559	16.39
Japanese Yen 1,000	2.174	4.795	10.33	1000.	24.24	9.500	11.41	5002.	5.768	169.2
French Franc 10	0.897	1.978	4.259	412.5	10.	3.918	4.707	2063.	2.379	69.80
Swiss Franc	0.229	0.505	1.087	105.3	2.552	1.	1.201	526.5	0.607	17.81
Dutch Guilder	0.190	0.420	0.905	87.62	2.124	0.832	1.	438.3	0.505	14.83
Italian Lira 1,000	0.435	0.959	2.064	199.9	4.847	1.899	2.282	1000.	1.153	33.83
Canadian Dollar	0.377	0.831	1.790	173.4	4.203	1.647	1.979	867.2	1.	29.34
Belgian Franc 100	1.285	2.834	6.101	590.9	14.33	5.613	6.744	2956.	3.408	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 3)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 5/8	offer 17 1/2	bid 17 1/8	offer 17 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15-15½	15⅞-16⅛	17-18	10⅞-11⅛	9-9½	11¼-11½	11¾-12¼	15½-17½	7½-8½	8¼-8¾
7 days' notice	14¾-15¼	16-16¼	17-18	11-11¼	6½-7	12½-12¾	11¾-12¼	16-18	9-10	8⅝-8⅞
Month	13⅝-13¾	16½-16¾	17-17⅜	11¼-11⅞	8¾-9	13 1/16-13 3/16	13⅜-13⅝	17-18	12⅜-12⅝	8⅜-8⅞
Three months	12⅝-12 15/16	17⅛-17⅜	17⅛-17½	11 5/16-11⅜	8½-9 1/16	13⅝-13¾	13¾-14⅛	17¾-18¾	13½-13⅝	8 7/16-8 11/16
Six months	12 3/16-12¼	16 15/16-17 1/16	16⅝-17	11 1/16-11⅜	8 11/16-8 15/16	13⅛-13¼	13¾-14⅛	18-19	13¾-13⅞	8⅜-8⅝
One Year	12-12¼	16 1/16-16 5/16	15½-15⅞	11⅜-11 9/16	8¼-8½	12⅛-12⅜	13½-14¼	18½-19½	13¾-13⅞	8⅜-8⅝

SDR linked deposits: one-month 14 3/16-14 9/16 per cent; three-months 14⅝-14⅞ per cent; six-months 14 7/16-14 9/16 per cent; one year 13 15/16-14 3/16 per cent.

Asian $ (closing rates in Singapore): one-month 16 9/16-16 13/16 per cent; three-months 17½-17¾ per cent; six-months 17 9/16-17 13/16 per cent; one year 16⅝-16⅞ per cent. Long-term Eurodollars two years 15¾-16 per cent; three years 15⅝-15⅞ per cent; four years 15¼-15¾ per cent; five years 15-15⅜ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.05-16.15 per cent; three-months 16.45-16.55 per cent; six-months 16.65-16.75 per cent; one year 16.10-16.20 per cent.

INTERNATIONAL MONEY MARKET

Frankfurt rates ease

Call money eased in Frankfurt yesterday after the re-introduction of the Bundesbank's special lombard facility, under which banks may borrow short term secured money at 12 per cent. The lombard rate was increased to 12 per cent last week and the facility suspended after only two days. Monday's currency swaps organised by the Bundesbank with individual banks put an estimated DM 6-7bn into the system, and had led to some sectors of the market believing that the lombard "window" would not be opened at least until mid-week. Yesterday's move saw call money ease to 12-13 per cent from 20-30 per cent quoted on Monday. Period rates up to six months stood between 13 per cent and 14½ per cent.

In Amsterdam the Central Bank has made available special advances between March 5-11 in order to ease the rather tight money conditions experienced at the moment. At the same time the official Dutch call money rate was raised to 9¾ per cent from 8¾ per cent following the latest one point rise in the discount rate to 9 per cent. The amount of the special loan and the interest rate will be announced after the close of subscriptions today, and will replace the current expiring facility worth Fl 2.36bn at 9¼ per cent. In the interbank market call money was quoted at 11¼-11½ per cent compared with 10-11¼ per cent on Monday.

In Paris the Bank of France announced its intention to hold an auction of 12-month Treasury bills tomorrow, totalling FFr 2bn.

MONEY RATES

NEW YORK

Prime Rate	18½-19
Fed. Fund	16¾-16⅞
Treasury Bills (13-week)	14.45
Treasury Bills (26-week)	14.11

GERMANY

Discount Rate	7.5
Overnight Rate	12.5
One month	14.0
Three months	14.0
Six months	13.50

FRANCE

Discount Rate	9.5
Overnight Rate	11.75
One month	12.875
Three months	13.4375
Six months	13.5625

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.6875
Bill Discount (three-month)	—

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Day-to-day credit was in short supply in the London money market yesterday, but conditions were quieter than the hectic conditions experienced on Monday. The authorities relieved the shortage by buying a small number of eligible bank bills. The market was faced with a small excess of revenue transfers to the Exchequer over Government disbursements, and a small amount of bank bills maturing in official hands. On the other hand banks brought forward balances a moderate way above target. Discount houses were paying 14 per cent for secured call loans at the start, with later balances taken at 13½-14 per cent.

Bill rates showed little overall change with market uncertainty increasing over any possible cut in MLR in the Budget next Tuesday.

GOLD

Firmer trend

Gold rose $6 in the London bullion market yesterday, to close at $471-474. It opened at $464-467 and was fixed at $466.25 in the morning. Buying interest developed around the afternoon fixing of $471-00 following the fall to 18½ per cent in two more U.S. bank prime rates.

In Paris the 12½ kilo gold bar was fixed at FFr 85,100 per kilo ($517.78 per ounce) in the afternoon, compared with FFr 85,500 ($520.28) in the morning, and FFr 85,500 ($525.87) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,810 per kilo ($466.88 per ounce) against DM 32,930 ($475.96) previously, and finished at $470-473, compared with $464-467 on Monday.

In Zurich gold closed at $470-473, against $464-467.

	Mar. 3		Mar. 2	
Gold Bullion (fine ounce)				
Close	$471-474	(£214-215½)	$465-468	(£215-214½)
Opening	$464-467	(£213-214½)	$472-475	(£217¾-219)
Morning fixing	$466.25	(£213.709)	$474.50	(£217.840)
Afternoon fixing	$471	(£214.872)	$465.60	(£215.650)
Gold Coins				
Krugerrand	$485-486½	(£220½-221)	$480-482	(£220¼-221)
1/2 Krugerrand	$250-252	(£113½-114½)	$247-248	(£113¼-113¾)
1/4 Krugerrand	$127-129	(£57¾-58½)	$125-127	(£57¼-58¼)
1/10 Krugerrand	$53-55	(£24-25)	$52-53	(£23¾-24¼)
Mapleleaf	$481-482½	(£218½-219¼)	$475-477	(£217¾-218¾)
New Sovereigns	$118-119	(£53½-54)	$117-118	(£53½-54)
King Sovereigns	$142-144	(£64½-65½)	$144-146	(£66-67)
Victoria Sovs.	$142-144	(£64½-65½)	$144-146	(£66-67)
French 20s	$175-178	(£79½-81)	$172-178	(£78¾-81½)
50 pesos Mexico	$581-585	(£264-266)	$585-590	(£268¼-270½)
100 Cor. Austria	$454-458	(£206¼-208¼)	$455-459	(£208¾-209½)
$20 Eagles	$598-603	(£271¾-274)	$600-605	(£275¼-277½)

LONDON MONEY RATES

Mar. 3 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14½-22	15-15½	—	—	—	13½-14	—	—	—
2 days notice	—	—	14¾-15¼	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15-15½	14⅞	—	15½	—	14	—	—	—
One month	13 7/16-13 9/16	13 9/16-13 11/16	13⅞-14	15⅛-14¾	14⅛	14¼-14½	12½-12¾	12⅝	13 9/16-13¾	13⅞
Two months	12 13/16-12 15/16	12 15/16-13 1/16	—	13⅞-13½	13	13½	12-12½	12 3/16-12 5/16	12-12½	13
Three months	12⅝-12½	12¾-12⅞	12⅜-12¾	13½-12¾	13	13⅛	11¾-12	11 9/16-11¾	11⅝-11¾	12½
Six months	12⅜-12 7/16	12¼-12⅜	12-12¼	12½-12¼	12⅝	12⅝	—	—	11⅝-11¾	12
Nine months	12 7/16-12⅝	12¼-12¾	—	12⅝-12¼	12	12⅝	—	—	—	—
One year	12⅛-12	12 3/16-12¼	12¼	12½-12¼	12	12⅝	—	—	—	—
Two years	—	—	12¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13-13¾ per cent; four years 13⅛-13½ per cent; five years 13¼-13½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅝-11 11/16 per cent; four-month trade bills 12⅜ per cent.

Approximate selling rate for one-month Treasury bills 12 11/16 per cent; two-months 12⅞ per cent; three-months 11⅞ per cent. Approximate selling rate for one-month bank bills 13⅜-13¾ per cent; two-months 12⅝ per cent; three-months 11 23/32-11¾ per cent; one-month trade bills 13⅝ per cent, two-months 12⅝ per cent and three-months 12⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from March 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 11.5857 per cent.

APPOINTMENTS

Monty Finniston joins Butterfield-Harvey Board

Sir Monty Finniston, former chairman of the British Steel Corporation (1973-76), is joining the Board of BUTTERFIELD-HARVEY as a non-executive director. Sir Monty is chairman and a director of a number of companies and his appointments include the chairmanship of the Government Committee of Inquiry into the engineering profession.

★

Mr. Leslie Williamson has been appointed to the Board of HOUSEMAN (BURNHAM), the the Portals Holdings water treatment subsidiary.

★

Mr. Charles Donovan has been appointed member for personnel of the BRITISH GAS CORPORATION for five years. Mr. Donovan, formerly the Corporation's director of industrial relations, succeeds Mr. R. L. Worsfold, who has retired.

★

Mrs. Rachel Terry, who for the past three years has been head of the Greater London Council's borrowing section, joins sterling money brokers BUTLER TILL on March 16. Mrs. Terry is at present joint secretary of the treasury committee on Local Authority Borrowing.

★

Mr. A. J. E. Barnsley has resigned as a director of DEBENHAMS for other business interests and to devote more time to his position as president of the International Association of Department Stores.

★

Mr. Jefffery Bernstein has become managing director of the building products division of GLYNWED FOUNDRIES and Mr. Harry T. Creffield has been made managing director of the automotive and engineering castings division.

★

Mr. G. F. Lacey, chairman of NCC Energy, has been appointed to the Board of NI - CAL DEVELOPMENTS.

★

Following his acquisition of UNITED MOTION PICTURES (LONDON), Mr. John Wright is to become chairman and Mr. Trevor Barnard chief executive. Mr. Andrew Quicke and Mr. Michael Bretherton have been appointed non-executive directors. Mr. Barrie Hinchcliffe and Mr. Alan Ross continue as managing directors in charge of production. Mrs. Anne Sheppard and Mr. Barrie Sheppard have resigned from the Board following the sale of their shares.

★

Mr. Angus Mackinnon has retired from the Boards of GUARDIAN ROYAL EXCHANGE ASSURANCE and GUARDIAN ASSURANCE COMPANY.

★

Mr. John A. Harrop has been appointed chairman and chief executive of Woodhead Steel, Woodhead Ridley and Woodhead Construction Services, the three companies comprising the constructional division of JONAS WOODHEAD AND SONS.

★

Mr. John Watson and Mr. Ashley Bell have been appointed directors of BELLWAY (BUILDERS).

★

Mr. H. F. Bloomer is to resign from the partnership of KITCAT AND AITKEN, stockbrokers, on May 1. He will subsequently be taking up a position with the London office of the FIDUCIARY TRUST COMPANY OF NEW YORK.

★

Mr. Tom Kovacs has joined A. T. KEARNEY as a senior consultant on advanced technology and manufacturing techniques. Until recently, Mr. Kovacs was in charge of tool manufacturing and development at BL.

★

Mr. G. Rothhardt, general manager of Bank fuer Gemeinwirtschaft, London branch, is returning to Germany. He will be succeeded by Mr. U. Mauersberg and Dr. U. Wagner as joint general managers.

★

Mr. Brian R. Wells has been appointed to the Board of YORKSHIRE FINE WOOLLEN SPINNERS. He is managing director of the company's recently acquired Bradford-based Yorkshire Fine Fabrics subsidiary, formerly known as A. W. Fabrics. Mr. Neill D. Canwell has become group financial controller of Yorkshire Fine Woollen Spinners and continues as financial director of Yorkshire Fine Fabrics. Mr. Colin R. Aedy will remain as company secretary of the enlarged group.

★

Mr. Peter Espenhahn (a director of Morgan Grenfell Finance) has been appointed a non-executive director of ARLINGTON MOTOR HOLDINGS.

★

Mr. W. L. B. Shankland, a main Board director of BICC and chairman and managing director of BICC Cables, has been elected deputy president of the BRITISH ELECTRICAL AND ALLIED MANUFACTURERS' ASSOCIATION.

★

Mr. Maurice Constant is to leave the London branch of the NATIONAL BANK OF CANADA on March 31, where he has been general manager since its inception.

★

Mr. Peter H. Gray is to become managing director of YORKSHIRE BISCUITS, a subsidiary of Argyll Foods, on March 30. He will succeed Mr. Tim Wilson, who is leaving to further his new business interests. Mr. Gray has been controller of the food division of CWS (Manchester), and more recently on the Board of Christian Salvesen.

★

Mr. Mario Terenghi is to rejoin CREDITO ITALIANO with responsibility for an assignment in the international area, after having been an executive director of Orion Banking Group for the past six years, and head of Orion New York during 1980.

★

Mr. A. E. Tyson has become group managing director of GREEN'S ECOMOMISER GROUP LTD. in place of Mr. S. Jewson who has retired from that position but remains on the Board and has been appointed vice-chairman.

★

The NATIONAL COAL BOARD has appointed Mr. Kenneth Gaskell as director of the Board's road transport service. He was previously commercial manager of the service, and succeeds Mr. E. V. Molyneux, who has retired.

Mr. R. V. Findlay, director of the international relations department of the NCB has retired.

★

Mr. M. J. Lowther, managing director of the Newcastle and Gateshead Water Company, has been appointed to the NATIONAL WATER COUNCIL.

★

The Suffolk-based pump company GIRDLESTONE has appointed financial director Mr. Derek Hill and works director Mr. Mike Collins.

★

Mr. Frederick C. Jeffery has been appointed to the Board of the RELIANCE MUTUAL INSURANCE SOCIETY.

★

Mr. Karl H. Lutz has been appointed finance director and company secretary of INTERLUBE SYSTEMS, Plymouth, a member of the Tecalemit Group.

★

Mr. John Culling and Dr. William Currie have been appointed to the Board of MERCK SHARP & DOHME. Mr. Culling is director of legal and external affairs and Dr. Currie is medical director of the company.

★

Mr. John Masters has been appointed manager of COUTTS & CO.'s representative office in Norwich. Mr. Keith Stevens becomes assistant manager.

★

Mr. Hans E. Reiche has been appointed deputy general manager of the London branch of HESSISCHE LANDESBANK-GIROZENTRALE.

★

Mr. John Moreton and Mr. John O'Neill, joint managing directors of Godsell & Co., have been appointed directors of EXCO SECURITIES (1979), a member of the ASTLEY AND PEARCE GROUP.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$40	5	9¾	—	—	—	—	$50
		April		July		Oct.		
ABN C	F.260	2	25 B	—	—	—	—	F.285
ABN C	F.280	14	9.50	—	—	—	—	"
ABN C	F.300	35	3	26	4	6	6	"
ABN P	F.320	20	0.80	15	1.60	—	—	"
AKZO C	F.17.50	5	0.90 B	—	—	—	—	F.17.60
AKZO C	F.20	—	—	8	0.80	69	1.60	"
AKZO C	F.22.50	10	0.10	10	0.40	—	—	"
AKZO P	F.17.50	3	0.70	—	—	—	—	"
[illegible]								

TOTAL VOLUME IN CONTRACTS

A=Asked B=Bid C=Call P=Put

WORLD STOCK MARKETS

Wall St. trims early decline

FOLLOWING a softer morning session, Wall Street showed some recovery around mid-session, with institutional investors seeking "undervalued" Blue Chip and Heavy Industry issues.

The market opened weak on renewed profit-taking after strong gains over the prior seven sessions, ignoring a cut in the Prime Rate by several major banks to 18½ per cent from 19 per cent. However, analysts said credit market rates are expected to remain high.

The Dow Jones Industrial Average, off 3.76 at 11.00 am, was only a net 1.23 easier at 976.76 by 1 pm. The NYSE All Common Index recouped most of an initial 22 cents decline to record a 3 cents loss on balance at $75.55, while rises virtually matched falls at mid-session. Trading was active, with volume expanding to 40.85m shares from Monday's 1 pm level of 29.71m.

Stone Container climbed 3⅜ to $28¼ after a late start. It was recommended by two brokerage houses. St Regis Paper added ½ at $37¼ and Westvaco ⅝ at $40⅝ ex-dividend.

Retailers led the actives list. Volume leader Sears gained ⅛ to $15⅞ and K Mart, in second place, ½ to $17½. R. H. Macy rose ½ to $5½, Federated Stores ½ to $33 and Dayton Hudson 1⅜ to $49½.

Enserch advanced 1½ to $52½. The company dropped its bid for Davy Corporation after the British Trade Department decided to refer to the Monopolies Commission the proposed merger of Davy and Enserch.

THE AMERICAN SE Market Value Index managed a net improvement of 0.89 at 340.15 at 1.00 pm after turnover of 3.35m shares (2.74m).

Canada

Markets were mixed with an easier bias at midday after a fair business. The Toronto Composite Index was 3.7 lower at 2,176.2 at noon, while Oil and Gas declined 10.8 to 4,267.7 and Metals and Minerals 5.9 to 2,114.0. Golds, however, recovered 22.2 to 3,664.5 after falling 154.1 on Monday.

Dome Petroleum, which said it has concluded arrangements for a public issue of shares of Dome Canada, was off 1⅛ at C$78½.

Germany

Stock prices were generally firmer in active trading during a session shortened due to celebrations on the last day of the carnival season. Market sources noted that renewed foreign investor activity, apparently from oil-producing countries, helped to steady and boost prices.

The steadying of Bond prices through the reintroduction of special Lombard lending at 12 per cent yesterday also played a positive role for stock trading, with Banks particularly favoured.

Deutsche Bank climbed DM 6.70, Dresdner Bank DM 4.50 and Commerzbank DM 3.30.

In otherwise firmer Electricals, Brown Boveri shed DM 1.50 to DM 238.00 after announcing higher profits but reduced cash flow in 1980.

On the Domestic Bond market, Public Authority issues were mixed with price changes of 40 pfennigs either way, ending a pattern of daily falls of as much as DM 1.00. The Bundesbank sold a net DM 2.8m of paper.

Tokyo

An easier tendency prevailed yesterday in moderate trading, with investors becoming cautious because of the yen's weakness in the Tokyo Foreign Exchange market. The dollar remained above the Y210 level for the second consecutive day, and the possibility that the Japanese currency may continue to slip back prompted investors to take profits, especially in recently buoyant high-priced Light Electricals. Some Blue Chips, however, were higher.

The Nikkei-Dow Jones Average receded 18.46 to 7,137.12, while declines on the First Market section exceeded gains by 392 to 255 after volume of 300m shares (230m). However, the Tokyo SE index was 0.19 firmer at 508.90.

Among Light Electricals, TDK Electronics shed Y80 to Y4,080, Victor Y50 to Y2,700, Pioneer Y40 to Y3,000 and Sony Y50 to Y3,470.

Pharmaceuticals also lost ground, with Banyu Pharmaceutical dipping Y22 to Y557 and Green Cross Y70 to Y1,790.

Oils, Non-ferrous Metals, Foods, Machine Tools and Trading Houses mostly declined, but large-capital issues such as Steels, Heavy Electric Machines and Shipbuildings generally improved, bolstered by buying from foreign investors and Japanese corporations.

Hitachi advanced Y9 to Y334, Toshiba Y7 to Y230, Kawasaki Steel Y3 to Y155 and Ishikawajima Harima Heavy Y5 to Y153.

Motors and Electric Powers also attracted demand, Toyota Motor rising Y20 to Y760 and Tokyo Electric Power Y11 to Y962.

Australia

A further sharp fall in world Bullion prices, sagging metal prices, and industrial disputes at Mount Isa, Broken Hill and the Pilbara iron ore region kept Resources stocks under selling pressure. Minings and Oils were broadly lower, while the loss of confidence in the Resources area is now beginning to infect the Industrials market, and even the recently strong Retailers are starting to wilt.

The Australian All Ordinaries index slipped 7.5 to 642.6, Metals and Minerals 11.2 to 554.9 and Oil and Gas 15.2 to 832.8. However, the All Industrials index was only 0.2 off at 690.3.

Gold Mining issues were the hardest hit, with GMK sliding 70 cents to A$6.00, Central Norseman 50 cents to A$6.20, Poseidon 30 cents to A$3.95, Emperor 25 cents to A$1.85 and Buddha 25 cents to 70 cents.

Renison Tin shed 30 cents to A$8.70, Magnum 60 cents to A$4.20, Bougainville Copper 10 cents to A$1.48 and Hamersley 20 cents to A$2.80.

Central Pacific dipped 40 cents to A$4.40 and its Rundle Oil Shale partner, Southern Pacific, 20 cents to A$1.55. Woodside Petroleum lost 6 cents to A$2.28 and Strata Oil 25 cents to A$3.20.

BHP's rights issue is proving a burden to the market and the shares fell 40 cents to A$12.25, while the entitlements lost 25 cents to A$3.10.

Among the few bright spots, Howard Smith rose 70 cents to A$9.00 after declaring a bonus issue and a 47.6 per cent profits rise for 1980. Coal and Allied firmed 20 cents to A$12.70 and Tantalum miner Greenbushes Tin 30 cents to A$13.80.

Hong Kong

The market suffered a further sharp setback in moderate activity, although shares mainly finished above the day's worst. The Hang Seng index retreated 31.01 more to 1,420.03, while turnover totalled HK$443.77m on the four exchanges compared with Monday's HK$410.76m.

Fresh early local selling pressure, induced by a poor outlook for interest rates and the local property market, was partly offset by some local support towards the close.

Jardine Matheson fell 80 cents to HK$21.50, HK Land 40 cents to HK$10.70, Swire Pacific "A" 40 cents to HK$14.50 and HK Bank 30 cents to HK$21.40, but Hutchison Whampoa, down HK$1.20 the previous day, recouped 20 cents at HK$16.00.

Outside the leaders, Sun Hung Kai Properties declined 40 cents to HK$16.10, Trafalgar 35 cents to HK$6.05 and Green Island Cement HK$2.50 to HK$62.50.

Johannesburg

Gold shares fell afresh on the weak Bullion price, but were inclined to pick up a little towards the close on meeting some London and local support. Doornfontein lost 60 cents at R17.50, Buffels R1.50 at R40.00

Closing North American prices were not available for compiling the market reports.

NEW YORK

CANADA

Stock	Mar. 2	Feb. 27
Abitibi	29¼	29¼
Agnico Eagle	12	12⅛
Alcan Alumin	40¾	40½
Algoma Steel	42½	42¾
Asbestos	28	29

BELGIUM (continued)

Mar. 3	Price Frs.	+ or —
Petrofina	4,940	+40
Royale Belge	4,430	—70
Soc Gen Banq.	2,275	+75
Soc Gen Belge	1,290	—20
Sofina	2,730	

HOLLAND

Mar. 3	Price Fls.	+ or —
ACF Holding	74	+1
Ahold	72.5	—0.6
AKZO	17.5	—0.3
ABN	283	—5
AMEV	92.2	—0.7

AUSTRALIA

Mar. 3	Price Aust. $	+ or —
ANZ Group	4.54	+0.02
Acrow Aust	1.10	
Allstate Expl	0.80	—0.18
Ampol Pet	1.75	
Assoc. Pulp Pap.	2.30	
Aud'mco	0.17	

JAPAN (continued)

Mar. 3	Price Yen	+ or —
Kubota	354	
Kumagai	421	+3
Kyoto Ceramic	3,310	—20
Lion	461	—10
Maeda Cons.	625	—2
Makita	910	—5

Indices

NEW YORK —DOW JONES

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Tin pact compromise urged

By Our Commodities Editor

MALAYSIA believes the compromise package deal, proposed in December at the end of the last negotiations seeking a new International Tin Agreement, provides a good basis for the resumed talks due to start on March 9 in Geneva for three weeks.

Mr. Paul Leong, Malaysian Primary Industries Minister, speaking in London yesterday said the compromise package, devised by Mr. Peter Lai, chairman of the Tin Agreement, should be accepted as a whole leaving the Geneva conference time to concentrate on the other important issues yet to be resolved.

The Minister said the suggested buffer stock of 50,000 tonnes for the sixth Tin Agreement would be large enough to help dampen violent price fluctuations while not excessively large as to impose severe financial burdens on participating countries.

A buffer stock any larger than 50,000 tonnes would create an unbearable overhang on the world tin market, he claimed.

U.S. stockpile 'inadequate'

WASHINGTON. — The U.S. stockpile of strategic minerals for use during any cutoff of vital mineral imports is inadequate, according to James Watt, Interior Secretary.

He told a Senate panel that of the 62 basic materials stockpiled, only 21 are stored in sufficient quantity to meet national security requirements.

In light of geopolitical realities, such as unstable Southern Africa being the main or only source of many materials, Mr. Watt said it is essential to re-evaluate the sufficiency of the stockpile.

"However the best answer to minerals availability is domestic production," he added. "For every pound of a mineral produced in America the stockpile goal is reduced by three pounds."

In order to enhance domestic exploration and production of vital minerals, Mr. Watt said, he is considering asking for legislation to allow for exploration and extraction in the vast tracts of protected wilderness owned by the U.S. Government.
Reuter

Grain futures rise as farmers hold off sales

BY RICHARD MOONEY

GRAIN PRICES rose quite sharply on the London futures market yesterday as export demand met with continued farmer selling resistance.

The upward move was led by barley which dealers said had become "oversold" recently. May barley ended £1 higher at £101.05 a tonne while May wheat closed at £112.45 a tonne, up £0.95.

The rise was encouraged by the weakness of sterling which in the short-term has an "upside down" effect on grain export prices because of the way the EEC's monetary compensatory amount system operates. Stronger physical export interest resulted in increased covering purchases of futures by traders selling abroad.

Meanwhile farmers remained reluctant to sell. Many are believed to be holding off the market in the hope that prices will strengthen further as the season progresses. Their hopes are based on reports of heavy export selling earlier in the season which, it has been suggested, could result in domestic supplies becoming relatively tight. Many grain traders have questioned this assumption, however, claiming the domestic consumption forecast on which it it based is far too high.

Grain futures trading volume on the London market made a further significant gain last year with the total reaching 5.37m tonnes against 4.14m in 1979, the HGCA reported. But this figure was still dwarfed by U.S. volumes. The Chicago total soared from 486m tonnes to 738m, Kansas City's reached 176m and Minneapolis' 45m.

Record winter cereals plantings in Great Britain last year, as reported by the Ministry of Agriculture this week, could have been even higher but for wet weather which prevented the sowing of some of the planned area, the HGCA said yesterday.

The wheat area sown by December 1 was 1,415,000 hectares, up 3 per cent from the same date in 1979, while the barley area was up 9 per cent to 791,000 hectares, according to the December agricultural census, published on Monday.

In total the British winter cereals area was up 110,000 hectares but the HGCA said that did not mean that the total area harvested in 1981 would necessarily be greater than in 1980. It was likely that some of the increase in winter sowings represented a switch from spring sowing, the Authority said in its Weekly Digest.

Last season the British winter barley area increased 24 per cent but the total barley area harvested was slightly down. It said no reliable estimate of total plantings would be available until early May when results of its own plantings survey should be published.

The winter wheat area was only 26,000 hectares less than the total harvested area in 1980, the HGCA noted. Even with a slight reduction in spring sowings it was likely that the total would be around 1,475,000 hectares, just over 2 per cent more than last season.

Sudan sugar complex opened

BY JAMES BUXTON IN SUDAN

PRESIDENT Nimairi of Sudan has inaugurated the Kenana sugar project, one of the largest sugar complexes in the world which will in due course make Sudan a sugar exporter.

The opening ceremony marked the culmination of six years of construction. Also present was Mr. Abdul-Rahman Al-Atiqi, the Finance Minister of Kuwait which is the second biggest shareholder after the Sudan government. A notable absentee was Mr. Tiny Rowland of Lonrho, who conceived and initially managed the project and still has a very small stake in it.

At full capacity, which it hopes to reach in the 1982-83 crushing season, Kenana is expected to produce 330,000 tonnes of sugar a year. This season, which ends in May, it hopes to produce 150,000 tonnes. So far it has reached 50,000 tonnes, but output rates are rising.

The second 150,000 tonnes produced each year should be exported. However, for the first year or two Kenana is likely to produce entirely for the Sudanese market, since production from Sudan's other sugar plants is not yet sufficient, even with 150,000 tonnes from Kenana, to meet local demand put at about 450,000 tonnes.

Kenana has the capacity to crush 17,000 tonnes of cane and to produce refined sugar, the biggest cane sugar plant in the world with this facility.

Fast escalating costs and the exceptional problems of working on a site 1,150 km from the nearest sea port pushed the capital cost of Kenana up to more than $600m, and a further total of about $150m will be spent before the plant reaches positive cash flow, which is expected next year. Kenana began operating in February 1980, two years behind the original schedule.

With an operating cost when at full production estimated at $470 per tonne, including depreciation and debt servicing, the scheme is one of the more expensive to run in the world. Its success will depend on maintaining operating efficiency; on the course of sugar prices and, in the first years, on ensuring a flow of foreign exchange to pay for inputs, spare parts and expatriate salaries.

But in Barbados most of the seven Barbados sugar factories remained idle as the 1981 sugar production got underway yesterday. The Barbados Sugar Producers Association (BSPA), however, told Reuters that most of the factories should be grinding this week.

Harvesting of the 1981 crop, officially estimated at 110,000 to 115,000 tonnes of sugar, started at least two weeks behind schedule because of protracted negotiations between the BSPA and trade union's representing sugar industry workers about a bonus to sugar workers.

● TOKYO—There has been no progress so far in talks between Australia and Japan over a new long-term sugar contract.

Talks between CSR Limited for Australia and two Japanese trade houses, Mitsubishi and Mitsui aimed at renewing an annual contract for 600,000 tonnes expiring in June, are likely to continue for at least the rest of this month, they said.

English farmland values

By Our Commodities Staff

ENGLISH FARMLAND prices averaged £3,343 a hectare in the three months ended January, according to figures published by the Ministry of Agriculture yesterday. This was the average price for 161 sales covering 6,100 hectares.

It compared with £3,502 a hectare in the October-December quarter, continuing the downward trend which began after a record average of £4,410 was reached in the April-June quarter.

But for the second consecutive time the index of farmland prices, which is weighted to allow for the area and size groups of sales in the sample, moved in the opposite direction. The index, which rose from 191 to 200 in December, was calculated in January at 202 (1973=100).

Date set for renewed talks on jute pact

NEW DELHI—Seven of the main jute producing countries will attend a conference in Calcutta on April 13-15 to discuss a proposed International Jute Agreement.

The meeting, sponsored by the UN Conference on Trade and Development will be attended by India, Bangladesh, Nepal, Burma, Thailand, China and Brazil.

The proposed International Jute Agreement was discussed at UNCTAD conference in Geneva last month, but consideration was delayed because of changes in the U.S. presidency and EEC Commission.

China did not attend the Geneva conference.

India and Bangladesh, which together account for over 85 per cent of world jute exports, have called, with other producer nations, for an International Jute Organisation with wide powers.

Mr. Jan Pronk, Dutch deputy secretary-general of UNCTAD, told the Geneva conference on January 21 that the proposed jute pact would deal with research and development, market promotion and cutting production costs.
Reuter

DAIRY PRODUCTS

Japan seeks curbs on compound butter imports

BY RICHARD C. HANSON IN TOKYO

GOVERNMENT officials responsible for the dairy industry in Japan, in a classic case of "administrative guidance," are stepping up attempts to curb imports of "compound butter," an item supplied mostly by New Zealand and Belgium.

Ironically, the restrictions are being sought just as traders are exporting homemade 100 per cent butter, at low prices, from the mini butter mountain building up in Japan, and compound butter demand falling due to high prices.

The problem stems from the fact that imports of "compound butter" (a 70-30 mix of butter and vegetable fats, known as "edible fat preparation" in the margarine and confectionery industries) have seared rapidly over the past few years, recording a 33 per cent jump last year alone.

For cake makers imported compound butter is a cheaper but tasty alternative to whole butter. Even more importantly, however, it falls into an import category which, unlike whole butter, is not controlled by a quota. Japanese traders discovered this loophole in 1965 when 3 tonnes were bought by Mitsui from Northern Dairies in the UK.

Last year, Japan imported 17,003 tonnes; 10,213 tonnes came from New Zealand and 6,530 tonnes from the EEC (Belgium alone supplied 5,755 tonnes).

The Ministry of Agriculture sounded the alarm last autumn, when it failed to convince the main suppliers (New Zealand and Belgium) to exercise restraint in shipments.

Proposals to reclassify compound butter into an import quota category or lower the permissible level of butter content to 30 per cent were rejected by other ministries on grounds that Japan can hardly afford to anger further its trading partners by imposing new restrictions on imports.

The latest manoeuvre came this week when the main importers of the edible fat preparation were told by the Japanese Ministry of Agriculture that any "unofficial meetings" to organise "self-restraint" on the part of importers would "make them very happy." The government also apparently is still hoping to make a deal with the supplying countries.

The idea that compound butter imports are in fact hurting the domestic dairy industry is greeted with considerable scepticism by both the suppliers and the importers. They argue that if imports were curbed, users would simply shift to using cheaper margarine, with artificial butter flavouring, rather than buy expensive Japanese butter.

Within the government, the Ministry of International Trade and Industry (MITI) and the Ministry of Finance are opposed to outright limits. Opinion is apparently divided within the various factions of the Ministry of Agriculture itself. The strongest supporters of curbs are also those who must negotiate with farmers in coming weeks over the price of milk. These negotiations may prove difficult because of a growing surplus of domestic milk supplies. (Prices have been frozen for the past four years.)

The Japanese dairy industry is faced with a decline in overall demand, which will add further to the 700,000 tonnes of liquid milk equivalent now in stock. Japan has stocks of butter and skim milk powder (locally produced) equivalent to 4.3 months and 4.4 months, respectively, in demand. Though able to meet only two thirds of the country's needs, the carefully protected domestic production of milk in Japan is already larger than that of either New Zealand or Australia.

Compound butter was the the most spectacular exception to the 6 per cent decline in milk product imports last year.

Meanwhile, the oversupply problem last year allowed traders to snap up locally produced butter at bargain prices. About 270 tonnes of this butter is now about to be exported at $1,900 a tonne, well below current market prices.

About 100 tonnes are being exported to Singapore (a traditional market for Australia and New Zealand), and the rest will be shipped to Rotterdam. It is most likely that this butter will not be sold in EEC markets, but rather to the Soviet Union which has been especially active in buying up European butter stocks of late.

In fact, Russia's hunger for compound butter may have partly opened the way for a resolution of Japan's problem, even if Agriculture Ministry intervention proves ineffective.

This is because of a large deal recently made between EEC dairy suppliers with Russia (for 45,000 tonnes) which prompted EEC authorities to suspend the export subsidy on butter. Without the subsidy about $2,000 per tonne is added to the cost of compound butter to Japan, which was selling for well over $2,400 per tonne at its peak last year. (The Russians, quite cleverly bought theirs at the subsidised price.)

High prices will probably slow down demand in Japan. In any case, it is now clear that much of the surge in imports last year was in part "speculative" and that end users still have considerable supplies on hand.

One private estimate is that imports, will in fact drop to about 15,000 tonnes this year (against 17,003 last year) "naturally."

Whale talks blocked

TOKYO — A working meeting of the International Whaling Commission (IWC) failed to agree on a revision of methods to classify whale populations after a nine-day session here.

Whaling nations, such as Japan and the USSR, and countries seeking a moratorium on whaling, such as the U.S., remain widely split over changes to current rules. These rules, effective since 1974, include allowances for the introduction of catch quotas

Molybdenum price cuts

NORANDA Sales and Placer Development announced reduced prices for molybdenum products, fob European converter or port entry, reports Reuter.

The new prices, per kilo of molybdenum contained, compared with previous prices, are: Molybdic oxide drums $21.16 ($22.27); molybdic oxide cans $21.38 ($22.49); molybdic oxide briquettes $21.63 ($22.77); ferro molybdenum $23.92 ($25.40).

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Little changed on balance in fairly quiet trading on the London Metal Exchange. After opening at £814.5, forward metal traded up to a high for the day of £818 before drifting off to close the late Kerb at £816. Turnover: 16,950 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	794.5	—7.75	792-3	+1
3 months	816.5-7.5	—8.25	816-.5	+1
Settlem't	795	—7.5	—	
Cathodes				
Cash	790-1	—9	789-91	+2.5
3 months	803-4	—8.25	802-3	......
Settlem't	791	—9	—	......
U.S. Prod	—		*82-6	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £794; three months £818, 17.5, 17, 16, 16.5. Cathodes, cash £790; three months £803. Kerb: Wirebars, three months £817, 16.5, 16. Afternoon: Wirebars, three months £817, 18, 17, 16.5, 16, 16.5, 17, 16.5. Kerb: Wirebars, three months £816, 15.5, 15, 14, 14.5, 15, 15.5.

TIN—Lost ground in quiet trading. After opening stronger at £6,210, forward metal remained above the £6,200 level throughout the morning, falling back as sterling strengthened in the afternoon to close at £6,185. Turnover: 1,030 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6070-80	—110	6045-55	—35
3 months	6200-5	—92.5	6170-5	—25
Settlem't	6080	—110	—	......
Standard				
Cash	6070-80	—110	6045-55	—35
3 months	6200-5	—82.5	6170-5	—25
Settlem't	6080	—110	—	......
Straits E.	‡$30.45	—0.16	—	......
New York	—	......	—	

Morning: Standard, cash £6,080; three months £6,200, 10, 02, 6,200. Kerb: Standard, three months £6,200, 10. Afternoon: Standard, three months £6,180, 85, 80, 75. Kerb: Standard, three months £6,175, 80.

LEAD—Fell away in quiet conditions. Three-months material declined steadily from the opening high of £337, finally closing the late Kerb at £328. Turnover 7,900 tonnes.

Morning: Cash £323, 23.5; three months £335, 33, 30, 29, 31, 32, 32.5, 33.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	323-.5	—4	318-.5	—5
3 months	332-.5	—3.37	328.6-9	—5.62
S'ment	323.5	—4	—	......
U.S. Spot	—	......	*30	......

Kerb: Three months £332.5, 32. Afternoon: Three months £331, 30, 29, 28, 29, 28.5. Kerb: Three months £329, 29.5, 29, 28.5.

ZINC—Traded within a narrow range all day, with some signs of a lessening of the recent speculative interest. The day's high was £347, and forward metal closed at the low of £340.5. Turnover: 11,375 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	335.5-4	—1.75	330-1	—5.5
3 months	344.5-5	+.75	341.2	—4
S'ment	334	—2	—	......
Primw'ts	—	......	*41.5	......

Morning: Three months £348, 45.5, 45, 45.5, 46, 44, 44.5. Kerb: Three months £344.5, 44. Afternoon: Three months £343.5, 43, 42, 41.5, 41. Kerb: Three months £341, 40, 40.5.

ALUMINIUM—Fell back steadily from the opening high of £668, reaching a lowpoint of £659.5 before rallying towards the close to finish at £663. Turnover: 8,450 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	648-50	—4.5	644-6	—6
3 months	665-.5	—3.75	660-1	—6

Morning: Three months £668, 64.5, 65, 65.5, 65. Kerb: Three months £664.5, 66, 64, 63, 62.5. Afternoon: Three months £660, 59.5, 60, 61, 60. Kerb: Three months £661, 60.5, 60, 59.5, 60, 61, 62, 62.5, 63.

NICKEL—Lost ground as sterling strengthened, with forward metal closing the late Kerb at £2,825. Turnover: 552 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2655-60	[illegible]	2630-45	—27.5
3 months	2845-50	[illegible]	2835-40	—45

Morning: Cash £2,660; three months £2,845, 45, 45. Afternoon: Three months £2,830, 25, 30, 25, 20.

COTTON

LIVERPOOL—No Spot and shipment sales were recorded, leaving the total for the week so far at 342 tonnes. Trading again failed to operate extensively, and the rate of demand was narrow. A few special types in the American range were wanted, but business was featureless.

SILVER

Silver was fixed 2.6p an ounce lower for spot delivery in the London bullion market yesterday at 530.25p. U.S. cent equivalents of the fixing levels were: spot [illegible], down 3c; three-month [illegible]; six-month [illegible]; and 12-month [illegible]. The metal opened at 546p-550p [illegible] and closed at 531½p-540½p [illegible].

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	530.25p	—2.6	536.0p	+3.25
3 months	546.55p	—2.45	553.0p	+5.5
6 months	563.55p	—2.45	......	
12 months	603.65p	[illegible]	......	

LME—Turnover 87 (120) lots of 10,000 ounces. Morning: Three months 545, 50, 47. Kerb: Three months 549. Afternoon: Three months 555, 55, 54, 5.5, 54.7, 55.2. Kerb: Three months 552.

COCOA

Cocoa futures opened £5 lower as due, but later eased on combined trade and commission house profit-taking to close with losses of £10. Physical business was scarce as producers made only small sales while consumer preferred to await lower levels, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	850-855	—13.0	860-850
May	915-916	—11.0	920-910
July	938-939	—11.0	943-934
Sept.	961-962	—9.0	967-959
Dec.	990-992	—10.0	994-990
March	1010-12	—11.5	1015-10
May	1026-30	—12.0	1029-25

Sales: 2,804 (3,058) lots of 10 tonnes.
ICCO Futures—Daily price for March 2 94.01 (95.09); five-day average 95.26 (92.20).

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1007-09	—10.0	1013-05
May	1029-30	—0.5	1034-26
July	1040-41	—12.0	1047-39
Sept.	1051-52	—12.5	1061-50
Nov	1058-60	—11.5	1060-54
Jan	1060-90	—10.0	—
March	1060-110	—5.0	—

Sales: 1,878 (2,230) lots of 5 tonnes.
ICO Indicator prices for March 2 (U.S. cents per pound): Other Mild Arabicas 125.00 (125.17); Robustas ICA 1976 114.50 (115.00); ICA 1968 114.75 (115.25). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Trading commenced unchanged and values rallied on steady buying interest from commercial sources and despite some selling pressure from shipper and consumer sources closed firm on what 90p-95p higher and 90p-£1 higher on barley. New crops saw fairly quiet trading, values held steady and registered gains of 45p-50p no wheat and 35p-40p on barley, reports Acli.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday's close	+ or —
Mar.	109.40	+0.90	98.10	+0.90
May	112.45	+0.95	101.05	+1.00
July	116.10	+0.80	—	—
Sep.	98.85	+0.45	94.00	+0.40
Nov.	102.60	+0.50	97.70	+0.45
Jan.	106.45	+0.45	101.60	+0.50

Business done—Wheat: March 109.35-109.00, May 112.45-111.50, July 116.10-15.40, Sept. no trade, Nov. 102.60-102.20, Jan. 106.25-106.25. Sales: 317 lots of 100 tonnes. Barley: March 98.20-97.50, May 101.05-100.05, July no trade, Sept. 94.00-93.80, Nov. 97.60-97.30, Jan. 101.65-101.35. Sales: 240 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter 13½ per cent March 107.50, April 108.75, east coast. English Feed fob April-June 117 quoted. Maize: French March 123 transhipment east coast. S. African Yellow March-April 91.50. Barley: English Feed fob April-June 105 seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 95.60, S. West 96.00, W. Midlands 95.80, N. West 95.70. The UK Monetary Co-efficient for the week beginning Monday, March 9 (based on HGCA calculations using five days exchange rates) is expected to increase to 0.859.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 485.0, 486.0, 487.5-478.0, 164; May 484.5, 486.0, 486.0-480.5, 101; July 492.3, 493.0, 492.3-488.5, 309; Oct. 485.0, 486.0, 488.5-486.0, 68; Dec. 491.0, 492.0, 492.1-491.0, 77; March 501.0, 503.0, 502.5-501.0, 19; May 506.0, 507.0, 507.0-506.0, 8; July 510.0, 513.0, 510.0-510.0, 1. Sales: 747.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. March 340, 348, 345, 1; May 350, 353, 352, 1; Aug. 362, 365, 362-361, 8; Oct. 366, 372, 372-370, 13; Dec. 375, 378, 378-377, 8; Jan. 380, 383, 380, 6; March 382, 386, nil, nil; May 383, 388, 385, 6; Aug. 384, 390, nil, nil. Sales: 42.

RUBBER

The London physical market opened easier with little interest throughout the day, closing quiet. Lewis and Peat reported an fob March price for No. 1 RSS in Kuala Lumpur of 292.75 (293) cents a kg and SMR 20 at 261.5 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Apr.	57.60-65.50	59.50-60.50	59.50
May	60.40-61.00	60.10-68.50	60.50
Apr-Jne	60.40-60.50	60.00-60.80	60.80-60.10
Jly-Sept	65.70-65.80	65.90-64.00	64.80-65.30
Oct-Dec	66.40-68.60	68.70-68.80	66.90-66.20
Jan-Mar	69.30-69.50	69.60-69.80	69.10
Apl-Jne	72.20-72.40	72.30-72.50	—
Jly-Sept	74.80-74.80	75.10-75.20	—
Oct-Dec	77.70-78.00	77.90-78.00	77.70

Sales: 490 (178) at 15 tonnes and 16 at 5 tonnes. Physical closing prices (buyer) were: Spot 59.25p (same), April 62.50p (62.75p), May 63.00p (63.25p).

SOYABEAN MEAL

The London market opened £1 lower on long liquidation, reports T. G. Roddick. Prices firmed on trade buying from the lower levels to close unchanged on the day.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
April	121.00-21.4	+0.45	121.00-19.50
June	124.80-24.9	+0.10	125.10-23.50
August	127.00-27.2	+0.10	127.20-25.70
October	127.60-28.4	—0.25	127.50-26.20
December	129.00-30.0	—0.50	—
February	129.00-34.0	—0.25	—
April	128.00-55.0	—1.25	—

Sales: 77 (93) lots of 100 tones.

SUGAR

LONDON DAILY PRICE (raw sugar) £251.00 (£255.00) a tonne cif for Feb.-March-April shipments. White sugar daily price was £280.00 (£284.00).

Prices were contained within a £5.00 trading range in quiet conditions, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	255.25-55.50	256.25-56.50	258.00-55.50
Aug	253.25-53.50	254.25-54.75	256.00-52.00
Oct.	249.55-49.75	250.25-50.50	255.25-49.00
Jan	254.00-55.00	256.50-57.50	258.00
March	254.75-55.00	257.50-58.00	259.50-55.00
May	254.50-56.50	258.50-58.00	—
Aug	254.50-56.50	254.00-58.00	—

Sales: 7,076 (6,245) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £331.00 (335.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port. Prices for March 2: Daily price 22.77 (23.42), 15-day average 23.86 (24.06).

POTATOES

LONDON POTATO FUTURES—A mixed reaction to the PMB buying programme was reflected in the market today, with April initially dropping to £58.40, but rising during the afternoon to £60.00, before slight easing again at the close on profit taking, reports Coley and Harper. Closing prices: April 59.70 +90 (high 60.00, low 58.40); Nov. 58.20 +20 (high 58.40, low 58.10); Feb. 67.10 +10 (67.40). Turnover: 132 (188) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD — pence per pound. Beef: Scotch killed sides 73.4 to 76.8. Eire hd. qtrs. 87.5 to 91.0, f. qtrs. 57.5 to 61.5. Veal: Dutch hinds and ends 111.0 to 114.0. Lamb: English small 74.5 to 83.5, medium 75.5 to 81.5, heavy 68.0 to 81.0. Imported frozen—NZ pl 55.8 to 56.2, pm 55.2 to 55.5. Pork: English, under 100 lbs 44.1 to 50.1, 100-120 lbs 43.3 to 48.3; 120-160 lbs 41.3 to 46.8.

MEAT COMMISSION—Average fatstock prices at representative markets on March 3. GB cattle 90.02p per kg lw (+1.79). UK sheep 170.99p per kg est dcw (—2.50). GB pigs 69.37p per kg lw (+1.84).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutir 50/188 4.30-5.05; Spania: Navels 48/100 4.00-4.50; Moroccan: Navels 56/125 3.40-3.80; Cypriot: Shamoutis 15-kg 42/112 2.50; Egyptian: 72/125 2.50. Lemons—Spania: Trays 25/54 2.20-2.40; Cypriot: 10-kg 4.00-4.50; Californian: 95/115 6.50; Italian: 100/120 3.75-4.00; S. African: 80/100 6.00; Jaffa: 5.80. Grapefruits—Cypriot: 20-kg 40/64 3.00-4.00; Jaffa: 20-kg 36 4.45, 40 4.50, 48 4.65, 56 4.40, 64 4.05, 75 3.85; Egyptian: 30/100 2.50. Satsumas—Spania: 90/105/126 4.40, 144/154 4.20, 168 4.00. Wilkings—Spania: 140 5.20, 154 4.80, 168 4.60, 182 4.00; Jaffa: 22-lb 80/90 4.20. Temples—Jaffa: 24-lb 60/82 4.70-6.20. Apples—French: Stark Crimson 40-lb 3.80-5.00, 20-lb 72 2.50, 84 2.10, Granny Smith 40-lb 5.00-6.40, 20-lb 72 3.30, 84 2.60, Golden Delicious 40-lb 125/175 5.60-5.00, 20-lb 72 2.50, 84 2.20; Italian: 40-lb Romes 60/70 4.20, Granny Smith 19/20-lb 60/70 2.50; Hungarian: Starking 44-lb 6.40; Canadian: Red Delicious 135/160 8.00-8.50; U.S. Red Delicious 10.00-10.50; Belgian: 28-lb, per pound Cox's 0.10-0.14; Dutch: 28-lb, per pound 0.09-0.14. Pears—Dutch: Conference per pound 0.14; Italian: Passacrassana 0.10-0.12; S. African: Clapp's 4.50, Beurre Hardy 5.80, Bosc 5.20. Plums—S. African: Songold 11-lb 5.80-6.60. Grapes—U.S.: Red Emperor 20-lb wrapped 11.00; S. African: 9-lb Waltham Cross 7.20, Dan Ben Hannah 5.50, Alphonse 6.00;

PRICE CHANGES

	Mar. 3 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1465/1485	+15	$1415/445
Copper			
Cash w'bar	£792.5	+1	£772.25
3 mths	£816.25	+1	£796.25
Cash Cathode	£790	+2.5	£758.75
3 mths	£802.5	......	£779.75
Gold troy oz	$472.5	+6	$488.5
Lead Cash	£318.25	—6	£278
3 mths	£328.75	—5.625	£288.25
Nickel	£3,358.65	......	£3,226.57
Freemkt	275/290c	—12.5	280/295c
Platin'mtr'y oz	£213.50	......	£202
Freemkt	£202.45	—0.70	£196.90
Quicksilver†	$400/410	......	$375/385
Silver troy oz	530.25p	—2.6	552.70p
3 mths	546.55p	—2.45	549.70p
Tin Cash	£6,050	—35	£5,855
3 mths	£6,172.5	—25	£5,995
Tungsten 22.04lb	$145.47	+1.26	$143.90
Wolfrm 22.04 lb	$151/155	......	$148/151
Zinc Cash	£330.5	—5.5	£309.75
3 mths	£341.5	—4	£320.75
Producers	$825	......	$825
Oils			
Coconut (Phil)	$595x	—10	$620
Groundnut	‡	......	‡
Linseed Crude	£415	+11	£408
Palm Malayan	$600v	......	$640
Seeds			
Copra Philip	$405	—10	$420
Soyabean (U.S.)	$298	—10	$303.75
Grains			
Barley Futures	£101.05	+1	£100.70
Maize			
French	£123	......	‡
Wheat			
No 1 Red Spg.	‡	......	‡
No3 HardWint	£107.50	—2	£105
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,001	—11	£927
Future May	£915.5	—11	£857.5
CoffeeFt May	£1029.5	—9.5	£1025.5
Cotton A.Index	94.05c	......	97.35c
Rubber (kilo)	59.25p	......	56p
Sugar (Raw)	£251	—4	£235
Woolt'ps 64s kl.	325p kilo	......	307p kilo

† Unquoted. x March-April. v May. y April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

AMERICAN MARKETS

NEW YORK, March 3.

PRECIOUS METALS rallied on short covering based on strong currencies. Trade buying in sugar generated short covering moving prices moderately higher. Cocoa was helped to higher closes by manufacturer price fixing. Dealer buying and commission house short covering helped coffee prices close sharply higher. Trade support in cotton triggered commission house short covering with prices finishing moderately higher. Trade buying of copper led to a moderate rally and higher closes. An early rally in grains and soyabeans held up except for wheat which finished slightly lower, reported Heinold.

Copper—March 78.70-79.00 (77.30), April 79.90 (78.30), May 81.00-81.20, July 83.40, Sept. 85.60-85.70, Dec. 89.05, Jan. 90.05, March 92.10, May 93.85, July 95.66, Sept. 97.45, Dec. 99.10, Jan. 101.00.

Potatoes (round whites)—April 129.6-131.5 (136.4), Nov. 87.4 (86.9). Sales: 3,084.

Sugar—No. 11: May 23.85-23.90 (23.48), July 23.95-24.00 (23.66), Sept. 23.60-23.65, Oct. 23.45-23.50, Jan. 21.90-22.15, March 21.90-21.95, May 21.90-22.10, July 21.70-22.10. Sales: 9,033.

Tin—618.0-626.0 (620.0-632.0).

CHICAGO, March 3.

Lard—Chicago loose 19.25 (same).

Live Cattle—April 64.40-64.35 (63.82), June 67.60-67.75 (66.70), Aug. 67.90-68.05, Oct. 66.60, Dec. 67.65, Feb. 68.20, April 69.50.

Live Hogs—April 43.70-43.60 (42.37), June 48.55-48.50 (47.37), July 50.25-50.30, Aug. 48.85-48.50, Oct. 48.75-48.45, Dec. 51.67-51.90, Feb. 54.80, April 53.65, June 57.00.

‡‡Maize—March 352-352¼ (351), May 361-361¼ (360), Sept. 366, Dec. 364¾-364½, March 374½.

Pork Bellies — March 49.50-49.40 (48.35), May 51.25-51.55 (50.55), July 53.25-53.00, Aug. 52.47-52.55, Feb. 64.10, March 63.60, May —.

Silver—March 1201.0 (1150.0), April 1215.0 (1205.0), May —, June 1243.0, Aug. 1275.0, Oct. 1307.0, Dec. 1339.0, Feb. 1371.0, April 1403.0, June 1435.0, Aug. 1467.0, Oct. 1499.0, April 1595.0, June 1627.0, Aug. 1659.0, Oct. —.

†Soyabeans—March 716½-717½ (707), May 742½-741 (731¾), July 767-768, Aug. 777-777½, Sept. 785, Nov. 800, Jan. 819½, March 841.

‖Soyabean Meal—March 202.8-203.0 (197.8), May 212.0-212.1 (207.2), July 219.2-218.8, Aug. 222.5, Sept. 226.0-226.5, Oct. 228.5, Dec. 231.5, Jan. 233.0, March —, May —.

Soyabean Oil — March 23.12-23.17 (23.27), May 23.85-23.90 (24.03), July 24.72-24.75, Aug. 25.10-25.00, Sept. 25.30-25.36, Oct. 25.65-25.70, Dec. 26.20-26.20, Jan. 26.50, March 27.15-27.20, May 27.65-27.70.

†Wheat—March 432 (435½), May 440-439 (440½), July 443½-443, Sept. 456½-457, Dec. 479-479½, March 496½-497.

WINNIPEG, March 3. §Barley—March 146.00 (146.50), May 149.20-149.30 (150.00), July 150.00, Oct. 150.40, Dec. 150.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, March 2.

††Cocoa—March 1922 (1947), May 1962 (1992), July 2006, Sept. 2060, Dec. 2125, March 2190, May 2250, July —. Sales: 1,547.

Coffee—"C" Contract: March 121.50-121.70 (121.00), May 121.30-121.68 (123.09), July 123.20-123.25, Sept. 123.70-124.00, Dec. 122.10, March 122.40, May 124.25, July 123.95. Sales: 3,680.

Cotton—No. 2: March 86.50-86.75 (88.00), May 88.14 (90.14), July 87.82, Oct. 84.25, Dec. 81.35-81.48, March 82.25-82.50, May 82.75-83.25, July 83.70-84.00. Sales: 4,850.

*Gold—March 461.0 (481.5), April 464.0-466.0 (486.5), May 470.4, June 474.0-476.0, Aug. 486.9, Oct. 499.0, Dec. 511.5, Feb. 524.0, April 536.6, June 549.3, Aug. 562.1, Oct. 574.9, Dec. 587.8. Sales: 45,000.

Orange Juice—March 130.25 (132.50), May 136.50-136.60 (138.40), July 141.60, Sept. 144.50-144.60, Nov. 141.25, Jan. 137.05-137.10, March 138.10, May 139.00, July 139.90-140.50. Sales: 1,500.

*Platinum—March 436.0 (458.0), April 441.7 (461.7), May —, July 461.4, Oct. 481.0, Jan. 500.8, April 520.2. Sales: 1,101.

¶Silver—March 1147.0-1153.0 (1217.5), April 1182.5 (1232.5), May 1200.0, July 1235.0, Sept. 1270.0, Dec. 1322.0, Jan. 1339.0, March 1372.5, May 1406.0, July 1439.5, Sept. 1473.0, Dec. 1523.0. Sales: 4,000. Handy and Harman bullion spot 1158.0 (1240.0).

CHICAGO, March 2.

Chicago Imm Gold—March 463.5-462.0 (481.1), April (486.6), June 475.5-476.0, July 503.8, Sept. 492.0-492.5, Oct. 522.3, Dec. 511.5, Jan. 540.9, March 527.5, April 559.7.

WINNIPEG, March 2. §Barley—March 146.50 (149.20), May 150.00 (151.60), July 149.80, Oct. 150.00, Dec. 149.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 287.83 (273.60).

EUROPEAN MARKETS

ROTTERDAM, March 3.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent March $217, April-May $221, June $221. U.S. No. Two Red Winter March $206, April $210. U.S. No. Two Northern Spring 14 per cent April-May $212, June $212.50, Sept. [illegible], Oct. $215.60, [illegible].

Maize—[illegible] $166, March $166, April $167, May $169.50, June $172, July-Sept. $174.25, Oct.-Dec. $171.50, Jan.-March $183.

Soyabeans—U.S. Two Yellow Gulfports afloat $280, March $282, April $287, May $300.50, June $305.75, July $309, Aug. $312.50, Sept. $316.50, Oct. $325, Nov. $319.25, Dec. $325.75, Jan. $331.50, Feb. $338.50, March $340. Argentine June-July $302.50, options May $293.50, June $301.50, July $302.50, all sellers. Soyameal—[illegible].

PARIS, March 3.

Cocoa (FFr per 100 kilos)—[illegible]. Sugar (FFr per tonne)—[illegible]. Sales at call: 3.

INDICES

FINANCIAL TIMES

Mar. 3	Mar. 2	Month ago	Year ago
257.56	259.93	259.54	304.56

(Base: July 1, 1952=100)

MOODY'S

Mar. 3	Mar. 2	Month ago	Year ago
1130.7	1140.7	1150.2	1399.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 2	Feb. 27	Month ago	Year ago
Spot	418.58	425.77	437.04	442.2
Fut'res	433.93	440.76	418.64	458.55

(Average 1924-25-26=100)

REUTERS

Mar. 3	Mar. 2	M'nth ago	Year ago
1724.5	1748.1	1679.5	1791.7

(Base: September 18, 1931=100)

Lack of investment incentive again lowers equities
Failure to cut public spending unsettles Gilt-edged

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23
Mar. 16	Mar. 26	Mar. 27	Apr. 6

* "New time" dealings may take place from 9 am two business days earlier.

Inhibited by a continuing lack of investment incentive in the run up to next Tuesday's Budget, London equity markets passed another dull trading session yesterday. The unsettled sterling exchange rate was a major factor in tempering recent optimism about a large cut in Minimum Lending Rate and institutional buyers, in particular, were content to withhold their funds.

Selling overall was again relatively light, but with buyers withdrawing their limits jobbers lowered prices in an effort to find trading levels. As a result, leading shares gave ground throughout most of the session. The reaction gained impetus around noon when **Unilever's** announcement of a reduced final dividend payment took the market by surprise. Down 6.2 at noon, the FT 30-share index eased further to show a loss of 7.2 an hour later before a technical rally left it a net 5.2 down at 496.2. Unilever, which is not an index constituent, fell to 465p before closing 8 lower on the day at 475p.

Of the sectors, Electricals were again briskly traded, while Building issues encountered profit-taking after the recent strong showing on cheaper money hopes. Elsewhere, **Davy Corporation** reacted sharply to the announcement that the Enserch bid had been referred to the Monopolies Commission. Enserch subsequently lapsed its offer.

Unsettled by expectations that the Government will not achieve its aim of cutting public expenditure in the next financial year owing to the deeper than expected UK recession, British Funds lost fresh ground. Early selling left medium and longer maturities with losses extending to ¾, while short-dated issues also encountered offerings and fell about ¼. News of a further U.S. Prime Rate cut to 18½ per cent made little impact on sentiment.

The paucity of business in the underlying securities was fully reflected in Traded options where total contracts amounted to only 688—well below Monday's 720 and Friday's 1,502.

Espley-Tyas, which established a useful premium over the placing price of 76p in first-time dealings on Monday, eased 7 to 90p.

Prov. Financial up

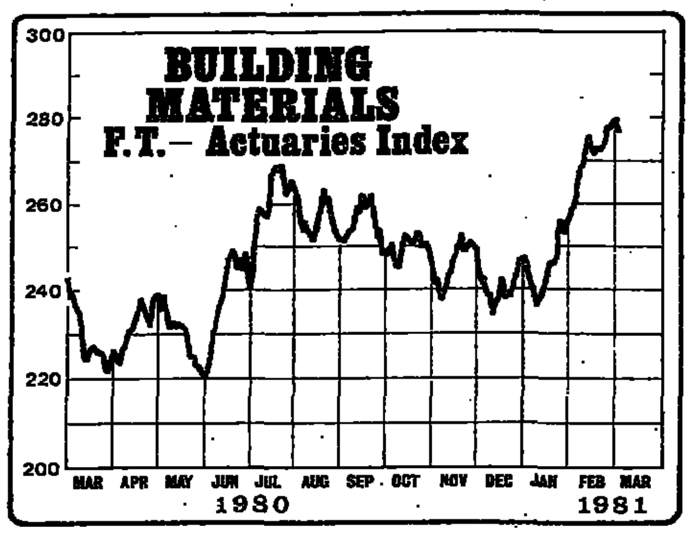
Provident Financial's preliminary results were in line with expectations and the close was a couple of pence better at 140p, but **Grindlays**, a firm market recently on bid speculation, softened 2 to 178p following uninspiring annual figures. Discounts displayed no set trend after a quiet trade. **Seccombe Marshall and Campion** put on 10 to 270p, but **Gerrard and National** lost 8 at 312p and **Gillett Bros.** 5 at 245p.

Composite Insurances plotted an irregular course in moderate trading. **Royals** eased 3 to 385p, after 382p, following comment on the results. Awaiting today's annual statement, **General Accident** rose 4 to 322p. Lloyds brokers drifted lower with **Willis Faber** shedding 7 at 290p and **C. E. Heath** 6 to 217p.

Recent investment support for Breweries dried up and most issues trended to lower levels ahead of next week's Budget proposals. **Whitbread**, 151p, and **Bass**, 209p, gave up 5 and 4 respectively, while **Allied** shed 1½ at 66p. Profit-taking clipped 4 from **Davenports**, at 132p. Wines and Spirits also reflected fears of excise increases and **Distillers** fell 4 to 191p.

A strong sector recently on cheaper money possibilities, Buildings succumbed to profit-taking and **Blue Circle** shed 12 to 376p. **BPB** lost 5 at 242p, while **Tarmac** and **Redland** shed 4 apiece to 302p and 167p respectively. **Barratt Developments** remained active and closed 7 down at 194p; the interim results *are due on March 17.* **French Kier**, at 54p, gave up 3 of the recent speculative gain, but **MDW** continued to attract support and added 4 more at a 1980-81 peak of 73p. **Burnett and Hallamshire** firmed 13 to 943p following the acquisition of certain mineral rights in Pennsylvania, U.S. for $10m. **Wettern Brothers** rose 6 to 68p and **Ben Bailey** 3 to 19p, both in thin markets. Timbers featured **Montague L. Meyer**, which improved 4 to 80p on speculative support.

ICI touched 244p before picking up to close only 2 cheaper on balance at 248p. **Fisons**, at 138p, gave up 4 of Monday's sharp rise of 17 which followed bid speculation after announcement of the preliminary results. Elsewhere in the Chemical sector, **Allied Colloids** added 3 to 123p in response to Press mention.



Austin Reed dull

Business in Stores remained at a low ebb and movements were usually restricted to a couple of pence either way. **Burton** gave up 2 more at 124p, after 123p, but **Mothercare** added that much at 234p. Persisting takeover speculation lifted **Elys (Wimbledon)** 6 more to 183p, but the lack of bid developments clipped 6 from **Austin Reed "A,"** at 88p. Falls of 3 were common to **B. Paradise**, 47½p, and **Bambers**, 67p, while **J. Hepworth** eased a couple of pence to 92p. **Allebone** revived with a rise of 1½ to 27½p, while **Greenfields Leisure** held at 44p; the latter is due to announce its annual results on Friday. Dealings in **John Michael** were suspended at 14p pending a statement from the company.

The trend in leading Electricals was again to lower levels. Renewed profit-taking took a toll on **Philips' Lamps**, particularly dull at 347p, down 20, while **Racal** lost 7 to 360p. **Plessey**, 312p, and **Thorn EMI**, 308p, retreated 6 apiece, but **GEC** *closed only 2 off on balance* at 645p, after 638p. Elsewhere, **Lec Refrigeration** put on 6 at 106p and **Petbow** added 4 at 44p. **Derritron** hardened a penny more to 19p, after 21p, while **Kode International** edged forward 2 to 280p; the latter's preliminary results are due tomorrow. **Ferranti**, on the other hand, shed 15 to 540p and **Baker Electrical** receded 5 to 43p.

Davy Corporation became a dull feature in Engineerings, falling 14 to 148p following lapsing of Enserch of America's cash and shares bid worth 197p per share owing to reference of the offer to the Monopolies Commission. **Vickers**, 2 higher at a 1980-81 peak of 162p, continued firmly among the leaders but **John Brown** cheapened 3½ to 75½p on profit-taking. Elsewhere, **Victor Products** rose 7 at 170p and **Spirax Sarco** put on 4 to 178p as did **Ash and Lacy** at 200p. Recovery hopes helped **Neepsend** harden a penny to 14p.

Selected Food issues came under selling pressure. **British Sugar** shed 11 to 271p pending the outcome of the Monopolies Commission inquiry into S. and W. Berisford's bid for the company. **Avana** gave up 9 to 225p and **Argyll**, still depressed by a "sell" recommendation, lost 5 for a two-day fall of 10 to 118p. **Chambers and Fargus** eased a penny to 42p; Mr. Harvey Michael Ross has reduced his stake in the company to 4.5 per cent.

The surprise 7½ per cent cut in Unilever's final dividend overshadowed the better-than-expected fourth-quarter profits and the shares were immediately marked down to 465p; however a rally ensued and the close was 8 lower on balance at 475p. Other miscellaneous industrial leaders generally finished easier for choice with **Metal Box** notable for a decline of 8 to 174p. Elsewhere, **Diploma Investments** dipped to 153p on first considerations of the interim figures but rallied smartly following a reappraisal to close a penny firmer on balance at 168p. **Howard Tenens** hardened 2 to 60p in response to Press comment and **AAH** put on 3 to 190p, after 192p, on the satisfactory half-year figures. News that the company has acquired a 500-acre land holding in Houston, Texas, helped **European Ferries** harden a penny to 167p, after 170p, while buyers showed further interest in **Clement Clarke**, 5 better at 103p, and **R. K. Watson**, 6 to the good at 103p. **Hargreaves** revived with a rise of 4 at 45p, but **British Vita** relinquished 3 to 137p on the results, while news of the managing director's resignation prompted a penny fall in **Lesney Products**, at 16p. **Thomas Tilling** came on offer at 157p, down 6. Australian influences brought a fall of 20 to 655p in **Broken Hill Proprietary**. Profit-taking after the recent firmness left **Royal Worcester** 8 lower at 280p.

The Leisure sector had a dull feature in **Boosey and Hawkes** which shed 12 to 139p on lack of support.

Motor Components were featured by **Flight Refuelling**, 20 up in narow market at 306p. In contrast, falls of around 3 were incurred by **Lucas**, 189p, and **Dowty**, 242p, but **Bluemel**, stil helped by an investment recommendation, added a penny at 35p.

Gordon and Gotch attracted increased support in a thin market and rose 15 for a two-day rise of 35 at 148p. Elsewhere, **Richard Clay** gained the turn to 54p; the annual results are expected next Thursday. **East Lancs Paper** added 3 more to 55p.

Sellers held the stage in Properties, but closing levels were occasionally above the worst. **Land Securities** finished 2 cheaper at 394p, after 393p, while **Great Portland Estates** shed 6 to 232p and **Stock Conversion** 5 to 340p, **Berkeley Hambro** eased 4 to 228p. **Rosehaugh**, *a particularly good market* of late on the good interim figures, gave up 8 at 275p. The increased annual revenue made no impression on **Winston Estates**, which remained at 76p. Elsewhere, **Property Partnerships** firmed 12 to a 1980/81 peak of 240p in a thin market.

Shell rose to 428p in the early dealings before dipping to 416p on final dividend worr naseid on final dividend worries and closing a net 6 cheaper at 420p. **British Petroleum** reverted from 412p to end unchanged at 416p. Elsewhere in Oils, **Ultramar** attracted investment demand and gained 8 to 493p, but **I C Gas** shed 20 to 228p amid talk of a broker downgrading his profits forecast.

Textiles turned easier and **Textured Jersey** ended 6 down at 80p, while **Tern-Consulate** closed 3 off at 63p. Following withdrawal of the recent buyer, **Gaskell Broadloom** fell 6 to 59p; yesterday Granwood Holdings announced that it has acquired a 7.7 per cent stake in Gaskell.

Golds down again

Another quiet day in mining markets saw South African Golds lose further ground before staging a minor rally in the after-hours' trade as the bullion price moved up to close $6 firmer at $472.50 an ounce.

The sharemarket was marked down at the outset, reflecting renewed weakness in overnight U.S. markets, but responded to American bear closing to finish well above the day's lows. The Gold Mines index showed a further 3.6 fall to 306.3 — a decline of 44.3 over the past four days.

In the heavyweights, losses ranged to almost a point in **Randfontein**, £24¾ and **Vaal Reefs**, £28. On the other hand, **President Steyn** rallied and closed a half-point up at £16¼.

Financials were mixed. In South Africans, **Anglo American** fell 15 more to 585p and **UC Investments** a like amount to 445p, but **GFSA** rallied ¼ to £22¾ and **Transvaal Consolidated Land** regained a point at £23.

London Financials moved similarly to Golds. **Gold Fields** fell initially to 420p but recovered to close a net 7 lower at 425p ahead of the interim results due today. **Charter** were 4 down on balance at 213p, after 210p, while **RTZ** closed unchanged at 420p, after 415p.

Australians continued to lose ground in the wake of renewed weakness in overnight Sydney and Melbourne markets.

The Rundle twins were hard hit with **Central Pacific** 33 off at 220p and **Southern Pacific** 10 lower at 85p. In Golds, **Gold Mines of Kalgoorlie** dropped 15 to 310p. **Mount Lyell**, currently engaged in merger talks with Gold Fields of Australia, rose 5 to 95p. The industrial unrest at Broken Hill left **CRA** 2 easier at 218p.

FINANCIAL TIMES STOCK INDICES

	Mar. 3	Mar. 2	Feb. 27	Feb. 26	Feb. 25	Feb. 24	A year ago
Government Secs.	68.64	68.87	69.12	69.26	69.34	69.42	63.96
Fixed Interest	70.67	70.75	71.08	71.13	71.15	71.06	64.80
Industrial Ord.	496.2	510.4	506.5	497.8	502.0	494.5	456.1
Gold Mines	306.3	309.9	337.5	342.4	350.6	338.2	366.9
Ord. Div. Yield	7.11	7.04	6.97	7.09	7.17	7.28	7.37
Earnings, Yld. % (full)	15.29	15.15	15.00	16.06	15.88	16.21	17.84
P/E Ratio (net) (*)	8.06	8.14	8.22	7.61	7.70	7.55	6.87
Total Bargains	24,503	24,538	27,462	25,004	24,387	24,328	22,820
Equity turnover £m.	—	124.45	176.75	171.22	132.26	136.68	100.68
Equity bargains total	—	21,126	21,422	21,708	18,775	18,658	17,336

10 am 498.6. 11 am 496.7. Noon 495.2. 1 pm 494.2. 2 pm 494.3. 3 pm 494.9.
Latest Index 01-246 8026.
*Nil = 7.42.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
† Correction.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (25/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (6/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 2	Feb. 27
—Daily		
Gilt Edged Bargains	240.0	202.8
Equities Bargains	136.9	138.9
Value	251.5	357.2
5-day Avrge.		
Gilt Edged Bargains	242.8	247.2
Equities Bargains	131.8	129.4
Value	299.7	304.0

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81

NEW HIGHS (77)

AMERICANS (9)
BANKS (5)
BUILDINGS (5)
DRAPERY AND STORES (2)
ELECTRICALS (1)
ENGINEERING (2)
FOODS (1)
HOTELS (1)
INDUSTRIALS (11)
INSURANCE (1)
LEISURE (1)
MOTORS (4)
NEWSPAPERS (2)
PAPER (3)
PROPERTY (3)
SHIPPING (3)
SHOES (1)
TEXTILES (1)
TRUSTS (19)
OVERSEAS TRADERS (1)
RUBBERS (1)
MINES (1)

NEW LOWS (13)

CANADIANS (1)
Place Gas
CHEMICALS (2)
Coates Brothers 'A' ICI
ELECTRICALS (1)
Baker Elec.
ENGINEERING (1)
Pecman Heenan
INDUSTRIALS (3)
Marshall (Loxley) Sylone
Nolton
MOTORS (2)
Hurst (Charles) Woodhead (J.)
PAPER (2)
BPC Wyatt (Woodrow)
OIL AND GAS (1)
Magnet Metals

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	86	9
Corpns. Dom. and Foreign Bonds	3	15	47
Industrials	201	360	818
Financial and Prop.	104	129	263
Oils	14	28	30
Plantations	8	2	13
Mines	21	67	77
Others	36	70	38
Totals	387	757	1,296

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., March 3, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. March 2 Index No.	Fri. Feb. 27 Index No.	Thurs. Feb. 26 Index No.	Wed. Feb. 25 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	313.32	−0.9	13.25	5.25	9.21	316.17	316.38	311.72	312.49	244.01
2	Building Materials (26)	276.19	−1.3	16.94	6.25	7.04	279.76	278.09	276.34	277.35	238.71
3	Contracting, Construction (26)	487.97	−1.6	18.70	5.21	6.43	496.00	493.50	486.09	484.30	372.66
4	Electricals (27)	1025.82	−0.6	8.47	2.56	14.58	1032.41	1038.74	1022.70	1021.91	623.05
5	Engineering Contractors (11)	415.05	−2.2	14.37	6.23	8.88	424.39	415.94	413.58	414.69	293.18
6	Mechanical Engineering (71)	186.95	−0.6	15.57	7.05	8.03	188.05	187.93	184.56	185.64	167.13
8	Metals and Metal Forming (13)	148.46	−0.8	17.77	11.25	7.14	149.66	148.72	146.08	148.96	168.98
9	Motors (21)	91.63	−0.7	19.77	9.04	5.83	92.28	92.37	89.79	90.73	110.70
10	Other Industrial Materials (16)	317.19	−1.2	14.45	6.77	8.23	320.89	322.09	317.41	319.15	0.00
21	CONSUMER GROUP (198)	250.27	−0.9	15.13	6.29	8.02	252.53	253.40	249.22	251.07	221.11
22	Brewers and Distillers (20)	277.36	−1.6	16.70	6.60	7.10	281.83	283.38	275.26	275.39	264.66
25	Food Manufacturing (23)	224.94	−1.1	17.39	6.96	6.82	227.48	226.58	224.00	224.61	197.59
26	Food Retailing (14)	457.41	−1.4	9.85	3.52	12.00	463.94	458.84	451.67	455.60	303.23
27	Health and Household Products (7)	259.31	−0.3	10.24	5.50	11.60	260.21	262.99	255.86	259.41	212.51
29	Leisure (22)	368.58	−1.6	15.17	6.20	8.13	374.49	373.59	369.03	368.58	302.90
32	Newspapers, Publishing (12)	449.12	—	19.58	6.95	6.67	448.99	446.69	445.11	446.61	435.87
33	Packaging and Paper (15)	125.42	−1.0	25.46	9.65	4.55	126.74	126.95	124.59	126.70	138.40
34	Stores (44)	259.13	−0.3	11.48	4.88	11.41	259.95	261.38	258.67	262.10	224.11
35	Textiles (21)	143.33	−1.3	17.90	9.31	7.30	145.24	144.51	142.76	144.12	129.93
36	Tobaccos (3)	222.72	−0.2	25.52	10.45	4.47	223.20	229.47	224.83	226.33	201.89
39	Other Consumer (17)	261.98	−1.0	14.55	7.34	8.41	264.52	263.57	262.52	263.48	0.00
41	OTHER GROUPS (79)	211.99	−0.7	13.93	7.18	8.97	213.44	214.64	214.61	220.35	208.97
42	Chemicals (15)	253.76	−0.8	11.41	8.24	11.49	255.92	261.05	265.09	282.43	307.12
44	Office Equipment (6)	108.88	−1.4	17.10	7.63	6.94	110.40	110.49	107.03	106.36	120.44
45	Shipping and Transport (13)	582.53	−0.5	13.00	6.35	9.44	585.32	578.49	574.56	572.75	481.56
46	Miscellaneous (45)	272.97	−0.4	16.23	6.25	7.58	274.06	273.53	271.69	272.51	246.12
49	INDUSTRIAL GROUP (488)	266.65	−0.9	14.28	6.02	8.55	268.99	269.71	266.02	268.19	231.24
51	Oils (12)	874.46	−0.7	27.46	6.02	4.06	880.24	882.51	874.43	850.77	817.36
59	500 SHARE INDEX	314.82	−0.8	17.12	6.02	6.90	317.43	318.28	314.23	314.40	277.39
61	FINANCIAL GROUP (118)	247.94	−0.5	—	5.50	—	249.08	251.06	246.65	248.30	195.93
62	Banks (6)	233.60	−0.1	41.78	7.62	2.93	233.82	239.86	236.36	236.55	220.79
63	Discount Houses (10)	308.57	−1.4	—	6.00	—	312.91	311.78	313.98	313.39	216.34
64	Hire Purchase (4)	238.32	−0.5	9.88	5.41	14.29	239.58	238.88	239.81	234.25	185.16
65	Insurance (Life) (10)	260.78	−0.1	—	5.06	—	260.95	263.46	257.70	258.30	173.78
66	Insurance (Composite) (9)	161.71	−0.2	—	7.34	—	161.98	162.92	157.43	159.68	126.45
67	Insurance Brokers (9)	348.05	−2.3	13.10	6.66	10.44	356.39	352.51	342.75	348.84	283.19
68	Merchant Banks (13)	155.77	+0.2	—	4.97	—	155.39	152.59	152.77	152.03	104.99
69	Property (46)	478.13	−0.9	3.14	2.61	44.17	482.45	487.12	480.21	486.92	368.87
70	Miscellaneous (11)	180.00	−0.5	15.24	5.15	8.34	180.91	178.16	177.92	176.71	138.52
71	Investment Trusts (109)	291.91	+0.2	—	5.27	—	291.37	290.48	288.81	289.19	222.47
81	Mining Finance (3)	213.27	−0.8	15.31	6.29	7.78	215.88	223.57	221.78	219.46	214.18
91	Overseas Traders (20)	447.46	−0.4	11.95	6.63	10.29	449.47	451.35	453.35	450.80	413.99
99	ALL-SHARE INDEX (750)	300.81	−0.7	—	5.90	—	302.88	304.16	304.30	300.49	258.82

FIXED INTEREST PRICE INDICES

	British Government	Tues. March 3	Day's change %	Mon. March 2	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.52	−0.09	108.02	—	2.48
2	5-15 years	120.30	−0.44	110.79	—	1.95
3	Over 15 years	112.43	−0.43	112.92	—	2.16
4	Irredeemables	124.87	−0.52	125.53	—	1.78
5	All stocks	109.90	−0.32	110.25	—	2.16

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Tues. March 3	Mon. March 2	Year ago (approx.)
1	Low	5 years	11.46	11.40	13.52
2	Coupons	15 years	12.59	12.51	13.52
3		25 years	12.59	12.52	13.32
4	Medium	5 years	13.19	13.11	13.37
5	Coupons	15 years	13.95	13.87	14.71
6		25 years	13.78	13.72	14.50
7	High	5 years	13.20	13.13	15.64
8	Coupons	15 years	14.05	13.98	14.86
9		25 years	13.99	13.93	14.92
10	Irredeemables		11.80	11.73	12.26

		Tues., Mar. 3 Index No.	Yield	Mon. March 2	Friday Feb. 27	Thur. Feb. 26	Wed. Feb. 25	Tues. Feb. 24	Mon. Feb. 23	Friday Feb. 20	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	52.41	14.13	52.40	52.37	52.37	52.32	52.33	52.32	52.31	50.26
16	Investment Trust Prefs. (15)	51.06	13.26	51.06	50.90	50.90	50.76	50.76	50.71	50.71	47.55
17	Coml. and Indl. Prefs. (20)	68.50	13.23	68.54	68.57	68.29	68.37	68.41	68.24	68.07	61.41

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, [illegible]

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

	Closing price pence	Day's change		Closing price pence	Day's change
Allebone	27½	+ 1½	Hong Kong Land	[illegible]	[illegible]
Barratt Devs.	194	− 7	Land Secs.	394	− 2
Centreway	123	—	Plessey	312	− 6
Davy Corp.	148	−14	Racal Elec.	360	− 7
Gaskell Broadloom	59	− 6	Thorn EMI	308	− 6
GEC	645	− 2	Unilever	475	− 8

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

	No. of price changes	Mon.'s closing price pence	Day's change		No. of price changes	Mon.'s closing price pence	Day's change
Espley-Tyas	20	97	—	Bowater	10	206	—
Fisons	14	142	+17	Cons. Gold	10	432	−22
ICI	13	250xd	+ 5	Plessey	10	318	− 5
Euro. Ferries	12	166	+ 6½	Racal	9	379	+ 2
GEC	12	647	− 3	Ass. Dairs. New	9	27pm	+ 2
De Beers Defd.	11	395	− 4	Midland Bank	9	352	− 2
ICL	11	37	+ 2	RTZ	9	420	−10
				Thorn EMI	9	314	− 2

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6
Apr. 6	Apr. 17	July 9	July 20

For rate indications see end of Share Information Service

Money was given for the call of FNFC, Westminster Properties, South African Land, Fisons, ICI, Dunlop, Illingworth Morris, Grindlays Holdings, Thorn-EMI, British Aerospace, Sangers, Henry Wigfall, Town and City Properties, UDS and Jonas Woodhead. Puts were taken out in Lucas and Grootvlei, while doubles were completed in FNFC, Illingworth Morris, Fisons, British Aerospace, and Grindlays.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
150	F.P.	[illegible]	[illegible]	[illegible]	British Aerospace 50p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Crest Intl. Sec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dunton	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Espley-Tyas Prop.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	New Darien Oil Trust	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Oil & Gas Production	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Parkfield Foundn's	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Scotia Sound Audio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Westpool Inv. Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol Water 8% Red. Pref. '86	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Crystalate 9¼% Cnv. Uns. Ln. '99-2000	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Iceland 14¼%	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid-Sussex Water 8% Pref. 1986	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paterson (R.) 11¼% Cum. Cnv. Prf.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Portals 9% Cnv. 1994-2000	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Woolf's Fine Woollen Cum. Red. Cnv. Prf.	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Argyll Foods	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Assoc. Dairies	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hampton Trust	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paradise B.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Royal Insurance	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 93.7 93.8 ... 14.93
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa DM30.10 31.70 ... —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Feb. 24 $3.96 4.16 ... —

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM15.70 16.80 +0.10 —
Int. Rentenfonds DM59.10 61.00 +0.10 —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Feb. 24 US$29.69 31.59 ... —

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 152.6 163.8 ... 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 57.4 61.1 ... 8.18
E. A. Sterling* £66.96 67.00 ... —
E. A. Equity* £67.81 71.29 ... 1.75
Wardgate Cm. Fd.** £17.39 18.09 ... 2.87
*Next dealing Mar. 4. **Next dealing Mar. 31.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2.

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 145.6 155.3 +3.4 3.80
H.S. Fixed Int. Fd. 91.0 96.0 ... 12.50
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$24.61 25.59 +0.18 —
CSF Fd. (Acc.) SF18.56 19.95 +1.10 —

Rothschild Asset Management (C.I.)
P.O. Box 58, [illegible]

[illegible]

هكذا من الأصل

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	242.1	254.9	.....	4.72

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Pro. Fund Jan. 31	147.25		.....	6.73
Wider Fund Jan. 31	251.90		.....	5.51
Narrower Fd. Jan. 31	76.75		.....	13.15

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588
See also Stock Exchange Dealings

American	64.8	69.7	+1.4	2.06
(Accum. Units)	69.6	74.8	+1.5	2.06
American Recovery	69.7	74.6	+1.3	1.78
(Accum. Units)	71.7	76.7	+1.3	1.78
Australasian	106.1	113.5xd	−3.7	0.83
(Accum. Units)	111.0	118.8	−3.9	0.83
Commodity	141.0	150.9xd	+0.2	3.09
(Accum. Units)	165.9	177.5	+0.3	3.09
Compound Growth	186.8	199.9	+0.6	3.05
Conversion Growth	115.2	123.3	−1.1	2.97
Conversion Inc.	70.1	75.0xd	−0.1	10.39
Dividend	131.6	140.8	+0.3	9.13
(Accum. Units)	292.9	313.4	+0.6	9.13
European	60.4	64.6	−0.6	4.07
(Accum. Units)	66.2	70.8	−0.6	4.07
Extra Yield	81.7	87.4xd	+0.3	10.01
(Accum. Units)	132.8	142.1	+0.5	10.01
Far Eastern	116.4	124.5xd	−1.6	1.07
(Accum. Units)	133.1	142.4	−1.8	1.07
Fund of Inv. Tsts.	95.0	102.6	+0.8	4.54
(Accum. Units)	126.9	137.1	+1.1	4.54
General	225.8	242.8	−0.2	6.09
(Accum. Units)	391.5	420.9	−0.2	6.09
Gilt	48.1	50.5xd	+0.1	12.49
(Accum. Units)	48.8	51.2	.....	12.49
High Income	107.2	114.7	+0.2	10.08
(Accum. Units)	213.1	228.0	+0.3	10.08
Japan	171.0	183.0	.....	0.72
(Accum. Units)	179.5	192.1	.....	0.72
Magnum	342.6	363.2xd	−4.9	5.32
(Accum. Units)	473.9	502.3	−6.8	5.32
Midland	160.1	171.3	+1.1	9.85
(Accum. Units)	306.7	328.2	+2.1	9.85
Recovery	127.6	136.5	+1.0	5.78
(Accum. Units)	142.6	152.6	+1.2	5.78

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, W.C.2. 01-240 3434

Capital	167.6	180.2	.....	2.75
(Accum. Units)	215.2	231.3	.....	2.75
Income Fnd.	218.4	234.8	.....	8.07
(Accum. Units)	376.7	405.0	.....	8.07
Gen.	123.8	133.1	.....	4.02
(Accum. Units)	167.7	180.3	.....	4.02
Europe	22.0	23.6	+0.1	3.14
(Accum. Units)	25.8	27.7	+0.2	3.14
Smaller Co.'s	146.7	157.7	.....	3.07
American	47.5	51.0	+0.1	6.59
(Accum. Units)	47.5	51.0	+0.1	—
Tokyo	47.5	51.0	.....	5.88
(Accum. Units)	47.5	51.0	.....	—
Gilt & Fixed	47.9	50.4	.....	12.00
(Accum. Units)	47.9	50.4	.....	—
*Pn. & Ch Fd. Feb. 17	225.6	237.4xd	.....	4.84
*Recovery Feb. 17	274.1	288.5xd	.....	5.18
*Spec. Ex. Feb. 17	435.2	458.1	.....	2.24
*European Exempt	95.0	100.0	.....	3.50

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 8844

Equity Trust Accum.	94.9	102.4	−1.0	5.38

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq. Edinburgh 031-556 9101

Income Units	62.5	66.5	+0.7	4.77
Accum. Units	79.6	84.7	+0.9	4.77

Dealing day Wednesday.
For Sebag see Carr, Sebag Unit Trust Managers.

Security Selection Ltd.
Regis Hse., King William St., EC4. 01-623 4951.

Unvl Gth Tst Acc	33.5	35.7	.....	8.52
Unvl Gth Tst Inc	24.9	26.5	.....	8.52

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

SIMCO Call Fund†	100.0	—	.....	15.39
SIMCO 7-Day Fund†	100.0	—	.....	14.04

†Unauthorised—Cash Deposit Funds.

Stewart Unit Tst. Managers Ltd.(a)
45, Charlotte Sq., Edinburgh. 031-226 3271

[illegible]

INSURANCE PROPERTY BONDS

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£25.28		+0.17	—
Property Units	£13.98		.....	—
Equity Bond/Exec	£16.89	17.87	+0.11	—
Prop. Bond/Exec	£18.32	19.39	.....	—
Bal. Bd./Exec/Unit	£17.58	18.60	+0.04	—
Deposit Bond	138.2	146.2	.....	—
Equity Accum.		298.0	+2.3	—
Property Accum.		£19.36	.....	—
Mngd. Accum.		240.1	+0.6	—
2nd Equity	134.2	142.0	+0.9	—
2nd Property	142.4	150.7	.....	—
2nd Managed	130.1	137.7	+0.3	—
2nd Deposit	120.7	127.7	.....	—
2nd Gilt	104.3	110.4	.....	—
2nd. American	123.5	130.7	+2.8	—
2nd Intl. Money	106.7	112.9	+0.4	—
2nd Eq. Pens./Acc.	161.0	170.4	+1.3	—
2nd Prp. Pens/Acc	163.8	173.3	.....	—
2nd Mgd. Pens/Acc	148.7	157.4	+0.5	—
2nd Dep. Pens/Acc	140.4	148.6	.....	—
2nd Gilt Pens/Acc	120.8	127.8	.....	—
2nd Am. Pens/Acc	143.1	151.4	+3.8	—
2ndInt.MoneyPens/Acc	111.0	117.5	+0.6	—
L & E S.I.F.	53.5	56.5	.....	—
L & E S.I.F. 2	37.0	39.5	.....	—

Current value March 2.

Capital Life Assurance♥
Coniston House, Chapel Ash W'ton. 0902 28511

Key Invest. Fd.		110.29xc	.....	—
Pacemaker Inv. Fd.		83.20	.....	—

Charterhouse Magna Gp.♥
Stephenson Hse., Brunel Centre, Bletchley, Milton Keynes. 0908 641272

Chrthse Energy		62.8	.....	—
Magna Bld. Soc.		162.3	.....	—
Magna Managed		164.1	.....	—

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

Managed Growth	192.47	202.60	−1.29	—
Managed Income	86.70	91.27	−0.56	—
International (z)	127.01	133.70	−0.48	—

[illegible]

Henderson Administration
11 Austin Friars, London, EC2. 01-588 3622

High Income Fd.	99.8	105.1	−0.4	—
Gilt Edged Fund	94.0	99.0	−0.6	—
Capital Growth Fund	101.2	106.6	−0.5	—
Special Situations Fd.	110.3	116.2	−0.1	—
North American Fund	115.8	121.9	+0.9	—
Far East Fund	119.6	125.9	−0.1	—
Property Fund	98.2	103.4	.....	—
Managed Fund	109.5	115.3	+0.1	—
Deposit Fund	97.8	103.0	.....	—

Hill Samuel Life Assur. Ltd.♥
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

♦Property Units	233.6	245.4	.....	—
Property Series A	143.0	150.5	.....	—
Managed Units	205.9	216.7	.....	—
Managed Series A	120.5	126.8	.....	—
Managed Series C	107.0	112.7	.....	—
Money Units	149.1	157.0	.....	—
Money Series A	119.1	125.4	.....	—
Fixed Int. Fund	114.0	120.0	−0.5	—
Equity Fund	115.5	121.7	.....	—
Pns. Managed Cap.	178.3	187.8	.....	—
Pns. Managed Acc.	206.9	217.9	.....	—
Pns. G'teed. Cap.	131.9	138.9	.....	—
Pns. G'teed. Acc.	153.1	161.2	.....	—
Pens. Equity Cap.	133.5	140.6	.....	—
Pens. Equity Acc.	147.4	155.2	.....	—
Pns.Fxd.Int.Cap.	118.2	124.5	.....	—
Pns.Fxd.Int.Acc.	130.7	137.6	.....	—
Pens. Prop. Cap.	113.6	119.6	.....	—
Pens. Prop. Acc.	125.4	132.0	.....	—
British Fund	95.9	101.0	.....	—
Capital Fund	96.2	101.3	.....	—
Dollar Fund	103.0	108.5	+2.4	—
Far East Fund	99.6	104.9	+0.8	—
Financial Fund	96.4	101.5	.....	—
High Yield Fund	97.2	102.4	.....	—
Income Fund	96.4	101.5	.....	—
International Fund	100.5	106.1	+1.6	—
Security Fund	96.3	101.4	.....	—
Spec. Sits. Fund	99.2	104.5	+1.2	—

Imperial Life Ass. Co. of Canada
Imperial House, Guildford. 71255

Growth Fund Feb. 27	105.1	114.3	.....	—

[illegible]

NPI Pensions Management Ltd.
48 Gracechurch St., EC3P 3HH. 01-623 4200

Managed Fund	233.4	243.1	.....	—

Prices March 2. Next dealing April 1.

New Zealand Ins. Co. (UK) Ltd.♥
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key Inv. Plan	247.2	254.9	.....	—
UK Equity	99.4	104.6	+1.0	—
American	140.7	148.1	+2.1	—
Pacific	217.0	228.4	+0.4	—
Property	112.4	118.3	.....	—
Gilt	124.0	130.6	−0.7	—
High Inc. Equity	102.6	108.0	.....	—
High Inc. Fxd. Int.	98.0	103.2	−0.6	—
Deposit	117.5	123.7	.....	—

Norwich Union Insurance Group♥
PO Box 4, Norwich NR1 3NG. 0603 22200

Managed Fund	276.4	290.9	−1.5	—
Equity Fund	459.0	483.1	−2.5	—
Property Fund	185.3	195.0	.....	—
Fixed Int. Fund	173.6	182.7	−1.6	—
Deposit Fund	133.6	140.6	+0.1	—
Nor. Units Feb. 15		260.7	.....	—

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR. 01-626 9876

Wealth Ass.	152.6	160.7	.....	—
Eb'r. Ph.Eq.E.	115.6	121.9	.....	—

Planned Savings Group
25 Worship St., London, EC2A 2AB. 01-920 0661

1st Managed	86.1	91.2	.....	—
1st Fixed Interest	64.8	68.7	.....	—
4th Managed	54.4	57.7	.....	—
5th Managed	58.5	62.0	.....	—
Pension Managed	55.98	59.34	.....	—
Family Managed	134.1	136.8	.....	—
Do. B Managed	75.2	76.7	.....	—
Do. C Britannia	56.5	57.6	.....	—
Do. D Fxd. Int.	91.9	93.7	.....	—
Family Capital Fund	70.3	71.7	.....	—

Premium Life Assurance Co. Ltd.
Eastchester Hse., Haywards Heath, 0444 58721

Balanced	101.0	107.0	.....	—

[illegible]

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Man. Fund Inc.	131.9	138.8	.....	—
Man. Fund Cap.	122.9	129.4	.....	—
Man. Fund Acc.	168.1	176.9	.....	—
Man. Fd. Init.	122.4	128.8	.....	—
Prop. Fund Inc.	136.1	143.3	.....	—
Prop. Fd. Cap.	128.3	135.0	.....	—
Prop. Fd. Acc.	187.7	197.6	.....	—
Prop. Fd. Init.	136.8	144.0	.....	—
Prop. Fd. Inv.	139.0	—	.....	—
Fixed Int. Fd. Inc.	121.6	128.0	.....	—
Fixed Int. Fd. Cap.	113.3	119.3	.....	—
Fixed Int. Fd. Acc.	121.6	128.0	.....	—
Fixed Int. Fd. Int.	121.0	127.4	.....	—
Dep. Fd. Inc.	108.5	114.2	.....	—
Dep. Fd. Acc.	108.5	114.2	.....	—
Dep. Fd. Init.	108.5	114.2	.....	—
U.K. Equity Fd. Inc.	140.4	147.8	.....	—
U.K. Equity Fd. Cap.	130.8	137.7	.....	—
U.K. Equity Fd. Acc.	140.0	147.8	.....	—
U.K. Equity Fd. Init.	139.7	147.0	.....	—
Int. Equity Fd. Inc.	121.9	128.3	.....	—
Int. Equity Fd. Cap.	113.6	119.6	.....	—
Int. Equity Fd. Acc.	121.9	128.3	.....	—
Int. Equity Fd. Init.	121.3	127.7	.....	—
Ret. Plan Ac. Pen.	131.3	141.2	−0.6	—
Ret. Plan Cap. Pen.	98.1	105.4	−0.6	—
Man. Pen. Fd. Acc.	242.3	255.1	.....	—
Man. Pen. Fd. Cap.	202.4	213.1	.....	—
Gilt Pen. Fd. Acc.	166.3	175.0	.....	—
Gilt Pen Fd. Cap.	143.0	150.5	.....	—
Prop. Pen. Fd. Acc.	219.7	231.3	.....	—
Prop. Pen. Fd. Cap.	200.5	211.0	.....	—
Guar. Pen. Fd. Acc.	132.8	139.8	.....	—
Guar. Pen. Fd. Cap.	121.5	127.9	.....	—

Transinternational Life Ins. Co. Ltd.
2 Bream's Bldgs., EC4A 1NU. 01-405 6497

♥Series 2 Man. Fd.	125.3	131.8	.....	—
♥Series 2 Equity Fd.	130.9	137.7	.....	—
♥Series 2 Prop. Fd.	130.6	137.4	.....	—
♥Series 2 Fixed Int Fd.	112.7	118.6	.....	—
♥Series 2 Money Fd.	110.1	115.9	.....	—
♥Series 2 O'seas Fd.	100.4	105.4	.....	—
♥Tulip Invest. Fd.	208.4	219.4	.....	—
♥Tulip Managed Fd.	154.4	162.5	.....	—
♥Mngd. Inv. Fd. Int.	123.4	129.8	.....	—

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35	—	Q2.5c	—	3.8
28	12	ACM 20c	14	—	—	—	—
19	14	Argosy Gold NL 25c	14	—	—	—	—
*199	46½	Bond Corp.	158	+2	Q7½c	1.9	2.6
156	76	Bougainville I Kina	80	−1	Q26.2c	ф	17.0
*350	216	CRA 50c	218	−2	Q19c	ф	4.5
25	11½	Canada Northwest	17½	—	—	—	—
42	8	Carr Boyd 20c	17	—	—	—	—
545	152½	Central Pacific	228	−33	—	—	—
36½	9¾	Cons. Gold Mis. N.L. 50c	35	—	—	—	—
47	17	Cultus Pacific N.L.	39	—	—	—	—
52	20	Eagle Corp. 10c	27	—	—	—	—
41	15¾	Endeavour 20c	35	−1½	—	—	—
600	175	G. M. Kalgoorlie 25c	318	−15	†Q13c	ф	2.2
46	13	Great Eastern	16½	—	—	—	—
*275	117	Hampton Areas 10p	210	−2	t2.5	2.4	1.6
*168	30	Haoma Gold N.L.	96	−2	—	—	—
95	15	Intl. Mining	48	—	—	—	—
390	11	Kitchener NL 25c	145	+5	—	—	—
720	55	Leichardt Expln.	55	−5	—	—	—
500	300	Meekatharra	380#	—	—	—	—
48	7	Metals Energy	14	−2½	—	—	2.6
91	41	Metals Ex. 50c	50	−2	¶Q3c	2.9	2.9
39	8½	Metramar Mns. 20cts.	22	—	—	—	—
284	150	M.I.M. Hldgs. 50c	194	—	‡Q27.6c	1.7	‡
26	7	Minefields Expl. 25c	13	—	—	—	—
155	60	Mount Lyell 25c	95	+5	ф†Q15c	1.7	8.2
28	14	Newmetal 20c	14	—	—	—	—
69	13	Nickelore N.L.	49	—	—	—	—
214	137	North B. Hill 50c	156	−2	Q18c	3.1	6.0
*106	31	Nth. Kalgorli	50	−2	—	—	—
165	90	Nth. Mining Corp.	110	—	—	—	—
*144	24	N. West Mining N.L.	55	−1	—	—	—
*132	52	Oakbridge 50c	122	—	tQ12c	1.1	5.1
200	70	Otter N. L.	155	—	—	—	—
240	128	Pacific Copper	172	−2	—	—	—
620	255	Pancont'l 25c	550	+5	—	—	—
78	42	Paringa M&Ex. 5p	46	—	—	—	—
625	335	Peko-Wallsend 50c	400	—	‡Q22½c	ф	2.9
230	85	Seltrust A	90	—	—	—	—
206	57½	Southern Pacific	85	−10	—	—	—
100	31	Swan Resources 20c	50	—	—	—	—
34	8	West Coast 25c	11½	—	—	—	—
332	177	Westn. Mining 50c	238	—	Q14c	1.6	3.0
45	10	Westmex	19	—	—	—	—
108	50	Whim Creek 20c	50	—	—	—	—
101	10½	York Resources	82	−1	—	—	—

Tins

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	10	Amal Nigeria 1p	13	—	‡6.0	—	—
370	255	Ayer Hitam $M1	300	—	Q205c	1.0	13.2
72	42	Beralt Tin	66	—	4.5	3.2	9.7
308	149½	Berjuntai $M1	260	−5	Q85c	ф	6.5
230	135	Geevor	135	—	‡8.4	1.9	‡
12½	8	Gold & Base 12½p	9	—	—	—	—
810	310	Gopeng Cons.	610	—	30.0	1.8	7.0
450	280	Hongkong	480xd	—	21.0	ф	7.5
145	90	Idris 10p	123	—	26.0	ф	7.0
15	12½	Jantar 12½p	15	—	1.5	ф	14.3
118	64	Kamunting $M0.50	98	—	‡Q80c	1.0	‡
675	150	Killinghall $M1	675	—	Q100c	ф	2.9
128	48½	Malay Dredging 10c	114#	—	ф‡Q38c	0.9	6.4
43	26	Pahang	40	—	Q.44	0.3	1.6
120	83	Pengkalen 10p	98	—	3.5	0.6	5.1
415	230	Petaling $M1	380	—	Q180c	ф	9.2
44	18	South Crofty 10p	21	—	‡1.0	ф	‡
305	200	Sungei Besi $M1	210	—	‡Q400c	1.1	‡
115	22½	Supreme Corp. $M1	110	—	‡Q15½c	ф	2.7
125	90	Tanjong 15p	117	—	21.5	ф	1.9
115	78	Tongkah H. Tin L$m	85	−2	Q23%	0.4	5.4
480	220	Tronoh $M1	385	—	‡Q250c	0.7	‡

Copper

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
260	130	Messina R0.50	230	−5	Q45c	4.7	11.2

Miscellaneous

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	150	−10	—	—	—
97	40	Barymin	45	−2	—	—	—
17	12	Burma Mines 10p	14½	—	0.62	1.1	6.2
445	53	Colby Res. Corp.	210	−5	—	—	—
502	200	Cons. Murch. 10c.	230	—	tQ30c	1.8	7.5
180	75	††Hemerdon 10c.	85	—	—	—	—
225	36	Highwood Res.	160	−10	—	—	—
585	300	Northgate C$1	385	−5	—	—	—
*486	322	R.T.Z.	428	—	t16.8	3.2	5.4
£115	£93½	Do. 9½% Cv. Un. Ln. '95-2000	£102	—	Q9½%	—	f9.6
143	91	††SPD Minerals 10p	142	−1	—	—	—
58	26	Sabina Inds. C$1	44	+4	—	—	—
51	29	††SWCM 10p	29	—	—	—	—
650	411	Tara Exptn. $1	480	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ф Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▼ Excluding a final dividend declaration.
- ** Regional price.
- ∏ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	41	—
Bertam	11½	—
Bdg'wtr. Est. 50p	545	−5
Craig & Rose £1	£11¼	—
Fife Forge	41	—
Finlay Pkg. 5p	20	—
Graig Ship. £1	£20	—
Higsons Brew	70	−2
Holt (Jos) 25p	378	—
I.O.M. Stm. £1	160xd	—
Pearce (C. H.)	790	+10
Peel Mills	82½	+½
Sheff. Refrshmt.	93	—
Sindall (Wm.)	135	—

IRISH		
Conv. 9% '80/82	£94	—
Nat. 9¾% 84/89	£76	—
Fin. 13% 97/02	£80	—
Alliance Gas	52	—
Arnott	235	—
Carroll (P.J.)	80	—
Concrete Prods.	94	—
Helton (Hldgs.)	28½xd	—
Ins. Corp.	395	+5
Irish Ropes	40	—
Jacob	48	—
T.M.G.	25	+1
Unidare	80½xd	—

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	28	Utd. Drapery	6½
BOC Intl.	9	"Imps"	7	Vickers	14
B.S.R.	4½	I.C.L.	9	Woolworths	5
Babcock	11	Inveresk	3	**Property**	
Barclays Bank	40	Ladbroke	24	Brit. Land	6
Beecham	15	Legal & Gen.	20	Cap. Counties	11
Blue Circle	30	Lex Service	9	Land Secs.	35
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	20	"Lots"	4	Peachey	8
B.A.T.	25	London Brick	6	Samuel Props.	15
Brown (J.)	6½	Lucas Inds.	20	Town & City	2¼
Burton	10	"Mams"	20	**Oils**	
Cadburys	6	Mrks. & Spncr.	9	Brit. Petroleum	36
Courtaulds	6	Midland Bank	32	Burmah Oil	19
Debenhams	8	N.E.I.	7	Charterhall	11
Distillers	17	Nat. West. Bank	32	KCA	22
Dunlop	7½	P & O Dfd.	12	Premier	10
Eagle Star	22	Plessey	25	Shell	40
F.N.F.C.	3½	Racal Elect.	32	Tricentrol	34
Gen. Accident	30	R.H.M.	4	Ultramar	45
Gen. Electric	50	Rank Org.	16	**Mines**	
Glaxo	22	Reed Intnl.	18	Charter Cons.	20
Grand Met.	18	Sears	4½	Cons. Gold	45
G.U.S. 'A'	48	Tesco	5½	Lonrho	10
Guardian	32	Thorn	28	Rio T. Zinc	45
G.K.N.	16	Trust Houses	18		
Hawker Sidd	20	Tube Invest.	18		
House of Fraser	15	Unilever	50		
		U.D.T.	4½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Wednesday March 4 1981

Civil servants strike still on

BY NICK GARNETT, LABOUR STAFF

A GOVERNMENT attempt to head off the industrial action by civil servants due to begin on Monday failed last night.

Leaders of the Civil Service unions met Mr. Barney Hayhoe, Civil Service Minister, but said virtually no progress was made.

A one-day national strike has been called over the Government's 7 per cent pay offer to the country's 530,000 civil servants.

Selective industrial action, including lightning strikes principally aimed at disrupting Government cash flow, is due to start the following day.

A letter from Lord Soames, Lord President of the Council, earlier this week to Mr. Bill Kendall, Secretary-General of the Council of Civil Service unions, suggested that the unions negotiating committee should meet Mr. Hayhoe about future pay determination for the Civil Service.

At that meeting Mr. Hayhoe told the unions they had underestimated the Government's intention to move towards a fair and orderly system for determining pay following its suspension of the existing pay comparability system.

He also told them that such issues as comparability and arbitration could not be excluded from discussions on a new system.

The Minister repeated that there was no change on the 7 per cent offer.

The unions are unhappy that no guarantees have been given that a new pay determination system would be ready for next year. Mr. Hayhoe repeated that it was impossible to say whether a new pay system would be ready for 1982.

In the Commons yesterday, the Prime Minister appealed to civil servants not to strike.

"I hope Civil Service members who have announced action—some of them to go on strike next week—will have regard to the views of ordinary people, many of whom would resent very much those who have good and secure jobs, attempting to strike for even more pay."

During Question Time, she said the offer to civil servants would add £350m to the Government's pay bill. Replying to a question on cash limits for public sector pay, she said: "I can confirm that the cash limits already announced will be adhered to."

Public sector pay, Page 10

No change in Brezhnev Politburo

BY DAVID SATTER IN MOSCOW

ALL THE Soviet Union's ageing leaders were reappointed to their posts yesterday at the end of the eight-day Communist Party Congress, which witnessed a Soviet "peace initiative" to the West, but no move toward internal political or economic reform.

President Leonid Brezhnev, of the Soviet Union, announced that the 14 Members of the Politburo, which makes all important political decisions, all eight candidates, non-voting members, and all 10 members of the Party Secretariat, the chief administrative arm, had been "unanimously re-elected" to their posts.

It was believed to be the first time since the beginning of the Soviet State that the Party's entire senior leadership had been reappointed by a congress.

The re-election confirms the strong political hold of Mr. Brezhnev and reflects the consolidation of long-standing policies at a time when serious economic and political challenges to the Soviet Union would appear to necessitate basic reforms.

The average age in the Politburo's inner circle is 76. Besides Mr. Brezhnev it includes Mr. Nikolai Tikhonov, the Prime Minister; Mr. Mikhail Suslov, chief ideologist; and Mr. Andrei Kirilenko, Mr. Brezhnev's deputy for Party affairs. The average age of Politburo members as a whole is 69 years.

The re-election of the Politburo and Secretariat was formally decided by the members of the new central committee, themselves re-elected by a virtually unanimous vote of the 5,000 delegates to the Party Congress on Monday night, on the basis of a list presented by the Politburo.

The central committee was enlarged from 289 to 319 members, but there was no indication of how many of the former central committee members, if any, were replaced.

Mr. Brezhnev in his closing speech said that the Five-year Plan for 1981-85 should be fulfilled, and "if possible, overfulfilled," but Western experts believe that this is unlikely, even though the 1981-85 plan targets are the lowest since the war.

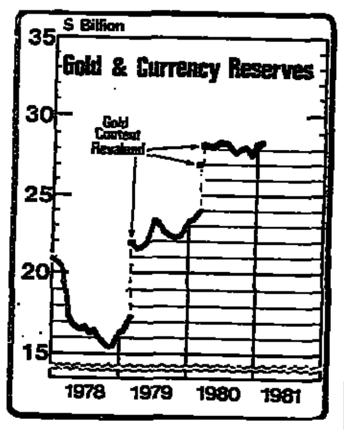
Mr. Tikhonov's speech to the Congress on the plan offered no new strategy for the economy, but only a call to Soviet workers and managers to increase productivity.

In what appeared at first the most positive note struck, Mr. Brezhnev, in his keynote speech, called for a U.S.-Soviet summit meeting to ease international tension.

He offered military and political proposals to improve the atmosphere. On the issues of Afghanistan and Poland, however, he offered no concessions.

Sterling recovers after run of losses

By David Marsh



STERLING RECOVERED part of its recent sharp decline on the foreign exchanges yesterday, rising 2.55 cents in London to close at $2.2060. It finished higher against the Deutschemark and other Continental currencies.

The rally broke a run of six trading days of losses against the dollar, which gained nearly 7 per cent against the pound last month. Official figures published yesterday for the UK reserves in February indicated that the Bank of England carried out only limited intervention to stem the pound's slide last month.

Reserves of gold, foreign currencies and special drawing rights rose $40m in February to a record $28.43bn, according to Treasury figures. Leaving aside public-sector foreign currency borrowings and repayments, the reserves showed a small underlying fall of just $4m.

Public-sector debt operations last month consisted of borrowings of $100m by the National Coal Board and repayments of $56m by British Gas and other bodies.

The $4m underlying fall compared with an underlying rise of $308m in January, when sterling was still under strong upward pressure, and average monthly increases of close to $200m in the previous three months.

The underlying change gives only a vague indication of Bank of England sales and purchases of foreign currencies to smooth out sterling's movements on the foreign exchanges, as it includes a variety of other transactions apart from intervention.

The small underlying decline in the reserves provides evidence that the Bank generally allowed sterling to find its own level on the foreign exchanges last month, in line with the Government's policy against intervention to maintain any particular rate.

On a trade-weighted basis the pound fell 5 per cent last month mainly owing to growing speculation of a substantial cut in minimum lending rate in next week's Budget.

Sterling's general firmness was reflected in a jump in its trade-weighted index to 99.5 from 98.7.

Money markets, Page 31

EEC to probe energy prices

BY JOHN WYLES IN BRUSSELS AND SUE CAMERON IN LONDON

THE British Government enlisted the European Commission yesterday to help solve the growing controversy about whether British manufacturers are paying substantially more for electricity than some of their continental rivals.

On the eve of the publication today of a National Economic Development Council report on the issue, Mr. Norman Lamont, Energy Minister, has agreed with his EEC counterparts to a Commission investigation into the priciples of energy pricing by member states.

The Government clearly hopes that a Commission study, impartial from the point of view of the domestic controversy, would provide a second opinion against which to judge the NEDC report, and help to get a long-term solution to the problem, especially on electricity prices. The report is expected to show that there are disparities of up to 40 per cent between UK and Continental electricity prices.

It is thought in London that Mr. Lamont intends to ensure that details are provided of any hidden subsidies to energy industries on the Continent. There are suspicions in Whitehall that electricity is sometimes sold at a loss in France with sizeable debts being written off. This would be contrary to an EEC agreement in principle that energy prices should not be subsidised.

Similar suspicions exist about electricity prices offered in West Germany to big, high load factor industrial consumers, despite some recent initatives.

Part of the problem, as Mr. Lamont emphasised after yesterday's meeting is that the cost and pricing structure of electricity is not sufficiently evident in all member states. If the Commission report, due to be presented to the next Energy Council in Brussels in June, supported with evidence the NEDC's claims that some EEC electricity prices are in effect subsidised, the Government would press for increases to bring such prices into line with the UK, said Mr. Lamont.

Commission officials are not convinced that subsidies or different accounting methods fully account for disparities. It is pointed out, for example, that a larger portion of French electricity, 24 per cent and growing, is produced more cheaply by nuclear power than in the UK where only 15 per cent of electricity is produced this way.

Continued from Page 1

Davy bid

engineering contractor, and brings much business to Britain in the form of process plant equipment purchases. Key considerations leading to the decision to refer the bid were the effects that an acquisition by a foreign company would have Davy's contracting business, and on the balance of payments and plant industry employment.

Mr. Biffen said his decision did not imply a departure from the policy of successive governments in welcoming inward investment. Nonetheless, some critics will see the decision as further evidence of the Government standing less firm on free market industrial policy.

Many industrialists will welcome the decision as a sign that the Government is willing to adopt some of the more nationalistic policies pursued by governments of competitor countries.

The Monopolies Commission has been given six months to complete its investigation, but this can be extended by three months on application by the commission.

Hong Kong plans disclosure law

BY KEVIN RAFFERTY IN HONG KONG

HONG KONG is to introduce legislation requiring holdings of 10 per cent or more in the shares of a company registered in the Colony to be disclosed. A series of proposals accepted yesterday by the Colony's Executive Council would require directors, executives and their professional advisers, as well as other shareholders, to give details of their dealings and interests.

The proposals, which have yet to come before the Hong Kong Legislative Council, are likely to cause a storm of protest. Among the most controversial points is a requirement that nominee companies reveal the identity of beneficiary owners of shares.

The proposals reflect the authorities' determination both to put Hong Kong more firmly on the international map as a financial centre, and to repair some of the damage done by several publicised takeover battles last year which cast doubt on the effectiveness of the colony's voluntary takeover code.

Mr. Uisdein McInnes, the Securities Commissioner, said the disclosure rules would strengthen Hong Kong and "give it what every other important financial centre has got already." Far from scaring business away, the rules might lead to additional interest and investment.

The Executive Council's approval of the proposals virtually ensures their eventual enactment into law.

The announcement came after the end of trading, but the four Hong Kong stock exchanges reacted last night by declaring a moratorium on new share issues.

Some indication of the likely opposition was given recently by the hostile reaction to the adoption by the Securities Commission of an amendment to the takeover code. This change, which the authorities have given their full support, places a limit of 35 per cent on the shareholding in a company above which the holder would be obliged to make a general bid for all of the company's shares.

Weather

UK TODAY

Mainly dry, generally cloudy. Night frost.

London, Midlands, N.W. and Central England, N. Wales, Channel Is., Isle of Man, S.W. Scotland, Argyll, N. Ireland
Early mist. Mainly dry and cloudy, some bright intervals leading to fog patches later. Max. 7C (45F).

S.W. England and S. Wales
Mainly dry, with sunny intervals. Max. 8C (46F).

East Anglia, E. England, Borders, Edinburgh and Dundee
Sunny intervals, scattered wintry showers near coasts. Max. 6C (43F).

Rest of Scotland
Generally cloudy with wintry showers. Max. 4C (39F).

Outlook: Unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	14	57	London	C	6	43
Algiers	S	20	68	L. Ang.†	F	9	48
Amsdm.	C	3	37	Luxmbg.	C	5	41
Athens	F	14	57	Luxor	S	21	70
Bahrain	S	20	68	Madrid	F	14	57
Barclna.	F	16	61	Majorca	S	16	61
Beirut	C	14	57	Malaga	F	17	63
Belfast	C	4	39	Malta	C	16	61
Belgrd.	R	10	50	M'chstr	C	3	37
Berlin	C	4	39	Melbne.	C	23	73
Biarritz	C	11	52	Miami†	F	18	64
Bmghm.	C	4	39	Milan	C	7	45
Blackpl.	C	5	41	Montrl.†	Sn	−11	12
Bordx.	C	11	52	Moscow	C	−4	25
Boulgn.	C	6	43	Munich	C	6	43
Bristol	C	5	41	Nairobi	S	27	81
Brussels	C	7	45	Naples	C	14	57
Budpst.	Sn	1	34	Nwcsd	C	3	37
Cairo	F	18	64	N. York†	F	−1	30
Cardiff	C	5	41	Nice	C	12	54
Cas'b'ca	F	15	59	Nicosia	S	15	59
Cape T.	S	19	66	Oporto	C	13	55
Chicg.†	F	−8	18	Oslo	S	−1	30
Cologne	C	7	45	Paris	C	8	46
Copnhgn	C	−1	30	Perth	F	33	91
Corfu	C	13	55	Prague	Sn	1	34
Denver†	F	2	36	Rykjvk.	C	1	34
Dublin	C	5	41	Rhodes	F	15	59
Sdnbgh.	C	3	37	Rome	C	14	57
Faro	C	15	59	Salzbg.	S	7	45
Florence	F	10	50	S'ciscot	F	11	52
Frankft.	C	7	45	Singapr.	F	31	88
Funchal	C	16	61	Stckhm.	C	−4	25
Geneva	R	4	39	Strasbg.	F	10	50
Gibrltr.	F	17	63	Sydney	S	27	81
Gl'sg'w	C	4	39	Tangier	F	16	61
Helsinki	S	−3	27	Tel Aviv	[illegible]	15	59
H. Kong	C	21	70	Tenerife	[illegible]	16	61
Innsbrk.	F	7	45	Tokyo	[illegible]	10	50
Invrnss.	C	4	39	Toronto†	Sn	−9	16
I.o.Man	C	4	39	Tunis	[illegible]	[illegible]	[illegible]
Istanbul	F	7	45	Valencia	F	20	68
Jersey	C	7	45	Venice	[illegible]	5	41
Jo'burg	T	20	68	Vienna	C	1	34
L. Plms.	F	19	66	Warsaw	F	2	36
Lisbon	C	12	54	Zurich	R	5	41
Locarno	F	6	43				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl.—Sleet. Sn—Snow. T—Thunder.

De Groot pulls out of Fife yard

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE DUTCH De Groot group is pulling out of its partnership with British Steel Corporation subsidiary Redpath Dorman Long at the oil platform construction yard in Methil, Fife.

The yard is in fierce competition with Highland Fabricators at Nigg, on the Cromarty Firth, for a £35m contract for Mobil's Beryl field. It has been an Anglo-Dutch joint venture since 1978 when Redpath Dorman Long decided drastic action was needed to halt losses.

Now it is likely to revert to 100 per cent British ownership. It is proposed that a consortium of British industrial and financial interests buy the Dutch stake.

The partnership improved the yard's financial position and productivity record and raised its standing with oil companies. There have been policy differences between the two major shareholders, however.

De Groot holds 43 per cent of the company, Redpath De Groot Caledonian, against Redpath Dorman Long's 48 per cent. It made an offer last year for the whole equity, but this was rejected by British Steel.

De Groot is believed to have then considered selling its shares to UIE, the French oil construction company, but this was opposed by Redpath Dorman Long.

Mobil is aware of the latest move, which will not affect the yard's management. A Dutch managing director who took over after the joint venture was formed was replaced last year by a Redpath Dorman Long nominee.

If the share sale goes through, Methil will be the only UK platform yard wholly British owned. The 9 per cent of the yard not held by the present two major shareholders is held by the Scottish Development Agency and financial institutions.

Continued from Page 1

El Salvador

suggestion that the U.S. ask the World Bank and the Inter-American Development Bank for additional assistance. The World Bank has already stopped disbursing funds for specific projects because of fears for the safety of its resident project officers.

Both the IMF and the World Bank would be placed in difficult positions if they refuse to co-operate with any U.S. request for additional funding for El Salvador. The World Bank, in particular, already knows it will feel the weight of President Reagan's spending cuts. It must be nervous that Congress will slash appropriations still further if it baulks on aid to El Salvador.

Much clearly depends on the ultimate disposition of Congressional sentiment on U.S. involvement in El Salvador. So far, Mr. Reagan's conservative supporters share his determination to stop what they see as Communist subversion. Their leader, Senator Jesse Helms from North Carolina, said recently that, if the U.S. did not draw a line in Central America "we may have to draw it north of Mexico in some year in the future."

Owen in talks Continued from Page 1

more concerned about their possible electoral impact.

Lord Thorneycroft, Conservative Party chairman, wrote to all constituency chairmen and agents and all Tory MPs in what was seen as an urgent mid-term appeal for unity and loyalty.

He emphasised that the Government was actually dealing with the central issues of the day, in contrast to the Opposition and the breakaway group.

"Other parties existing or emerging concern themselves with peripheral subjects such as proportional representation, the abolition of private education, a wealth tax, an all-embracing legally enforced incomes policy and the pursuit of equality in preference to liberty . . . the Conservative Party stands upon the principals for which it fought and won at the last election."

Mr. Teddy Taylor, Conservative MP for Southend East, said in a speech at Sheffield that it was right for the Tories to treat seriously the emergence of a Social Democratic alliance. It was obvious that when the Government was being obliged to take unpopular decisions some traditional supporters might be attracted by a new party.

Also at yesterday's talks between Mr. Steel and Dr. Owen were Mr. Alan Beith, the Liberal Whip, and Mr. John Roper, MP for Farnworth, the newly-appointed Social Democratic Whip.

THE LEX COLUMN

Going Dutch at Unilever

Index fell 5.2 to 496.2

Unilever's dividend decision has a decidedly cheese-paring look about it. The board's reluctance to raise its guilder payout by the amount required to have maintained the dividend on the sterling-denominated capital (the final NV dividend rises 10 per cent, the Limited falls by 7½ per cent) has saved less than £6m. Forty years without a dividend cut has been sacrificed for a sum equivalent to a few nights' TV advertising.

Of course, Unilever will argue that it is a matter of principle, not money. Now that currencies no longer behave more or less in line with purchasing power parities, the group is frightened of being trapped in a situation in which neither dividend can be cut, and one must always be increased, perhaps substantially. It was one thing to boost the sterling dividend when sterling was collapsing and UK inflation was very high, but a 20 per cent rise in the Unilever NV dividend this year cannot be so easily justified.

A large rise in the NV payout might even have looked provocative in the light of the Dutch Government's wages policy. The political considerations in the UK that might once have made Unilever pay up are much weaker now that dividend cuts have become respectable.

But the group would surely have done better to pay the extra this time and issue a formal warning that if it should no longer be taken for granted that both dividends were sacrosanct. After all, it claims to be well advanced with a study of ways in which the equalisation agreement might be made to work more flexibly in a world of sharp and unpredictable currency movements.

It is not as though dividend cover were a problem—1980 earnings cover the dividend nearly three times, and the current cost cover is probably 1½ times or so. Unilever's 1980 results are really very good: pre-tax profits, at end-1979 exchange rates, have risen from £605.6m to £628.8m, a figure which is pulled back to £567.7m by the adjustment to 1980 closing rates.

The reported volume rise of 5 per cent in final quarter sales looks a little freakish, but for the year as a whole volume is up by more than 2 per cent, a fine performance considering the impact of the recession on businesses such as chemicals and packaging.

Unilever's decision naturally leaves a question mark over Shell's final next week. However, since Shell calculates the relationship between its two dividends on six-month average currency rates, rather than those of a single day, the Royal Dutch dividend might have to be raised by no more than 12 per cent to allow Shell Transport to maintain its payout.

Even if Shell pays up, though, the problem is likely to surface again at the interim stage later this year. In Unilever's case, the equity market yesterday was well enough prepared for the possibility of a lower dividend to respond quite favourably to the trading news, and the shares closed only 8p lower at 475p, where the historic yield is 7.1 per cent.

Grindlays

The perennially enthusiastic bulls of Grindlays Holdings pushed the share price to a year's high of 180p ahead of yesterday's results statement, the gossip being that at last a statement would be made on the resolution of Grindlays Bank's tangled parentage. Once again, however, the speculators proved to be ahead of the game and the news turned out to be nothing more exciting than a drop in the pre-tax profits of holdings from £37.1m to £34.7m.

Given that it has been fighting against a rising tide of sterling, which has devalued its predominantly overseas earnings, Grindlays has performed solidly. But the effect of a shift in the profits mix towards high tax countries — notably India and Pakistan — shows up in the rise in the overall tax rate to around 55 per cent. So earnings per share of Holdings, which owns 51 per cent of the bank, are down from 27p to 23p, for a p/e which looks on the high side at 7.6 — while the yield, despite a one-tenth rise in the payout, is a modest 3.3 per cent.

The high tax rate is a problem when the bank needs healthy retentions to prevent its balance sheet ratios being an obstacle to expansion. As it is, total capital resources have improved from £151m to £179m, thanks to the December increase in its subordinated dollar loan capital and a property revaluation—though it looks as though the ratio of free capital to deposits is only a little over 3 per cent.

Any major injection of capital, however, cannot happen until Citibank decides it is an enthusiastic shareholder—it has 49 per cent of the Bank—or until some sort of reshuffle takes place. Rumours persist that Citibank has a much more optimistic idea of the value of the shareholding than either Lloyds, with just over two-fifths of Holdings, or a string of potential Continental buyers. Meantime the Holdings share price is probably slightly ahead of tangible net worth.

Competition

In the last week the Office of Fair Trading has referred two big takeover bids to the Monopolies and Mergers Commission. The Lonrho bid for Fraser was referred on Friday and yesterday the Enserch approach for Davy followed. On the surface, there is little to distinguish these two bids in terms of competition policy from several that have escaped referral in the recent past. But both approaches share one characteristic: fierce opposition from the object of the bid.

Over the years the merchant banks have perfected their techniques for getting a merger through—by obtaining agreement on all sides, spiced on occasion with the threat of redundancies or even bankruptcy. And a favourite tactic for fighting off a bid is to play on the sensitivities of politicians and civil servants by making a lot of noise. It has even been known for busloads of angry workers to appear in Whitehall.

The vagueness of the UK's fair competition legislation has now, with the Davy/Enserch referral, opened the door to possible embarrassment on an international plane. Indeed, it may be not just a coincidence that the announcement was delayed until after Mrs. Thatcher had returned safely from Washington. If too many U.S. bids for UK companies are blocked on less than clear-cut grounds, British companies may well find themselves circumscribed in attempting takeovers in the U.S.

So far the U.S. has been relatively relaxed about foreign takeover activity — and the British clearers, for instance, have taken full advantage of this climate. But a weak dollar has resulted in a growing level of interest in taking over U.S. companies, and U.S. politicians may become suspicious of countries which appear unwilling to allow reciprocity of treatment.

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